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West Europe Report

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2 April 1984

WEST EUROPE REPORT

CONTENTS

ARMS CONTROL

NETHERLANDS

- Commentator on de Ruiter, Cruise Missiles
(J. M. Bik; NRC HANDELSBLAD, 11 Feb 84) 1

POLITICAL

BELGIUM

- Deprez on PSC, Relations With Walloon Liberals
(Gerard Deprez Interview; LA LIBRE BELGIQUE, 17 Feb 84). 4
- Martens, Swaelen on Course of Flemish Social Christians
(LA LIBRE BELGIQUE, 20 Feb 84) 10

FINLAND

- Soviet Ambassador Sobolev Discusses Export Opportunities
(KANSAN UUTISET, 23 Feb 84) 13
- Sorsa Discusses Goals for His Government, SDP Issues
(Tuomas Keskinen; UUSI SUOMI, 2 Feb 84) 15
- Demographic Profile of Communist Electoral Front Party
(Maija Aalto; KANSAN UUTISET, 13 Feb 84) 23
- Poll Indicates Continued Rise for Socialist Party
(UUSI SUOMI, 16 Feb 84) 26
- Paper Comments on Conservatives' Loss in Polls
(Editorial; UUSI SUOMI, 17 Feb 84) 29
- Stalinist-Wing CP Organ Denounces Attack by Saarinen
(TIEDONANTAJA, 21 Feb 84) 31

TURKEY

Erel Assesses Pre-Election Political Polls (Teoman Erel; MILLIYET, 29 Feb 84)	33
PP's Calp Mounts Pre-Election Bandwagon in Antalya (Necdet Calp Interview; CUMHURIYET, 29 Feb 84)	35

MILITARY

BELGIUM

Segers Sees Too Little Motivation in Army (DE STANDARD, 28 Jan 84)	37
---	----

ECONOMIC

DENMARK

Disastrous Fall Harvest Reduces Farm Income by Half (Ib. Christensen; BERLINGSKE TIDENDE, 8 Feb 84)	39
EC Agricultural Policies Seen as Threat to Danish Farmers (John Iversen; INFORMATION, 17 Feb 84)	42
Briefs EC Agricultural Export Aid	44

FEDERAL REPUBLIC OF GERMANY

German Export Exhibit in Tokyo Off to Bad Start (Peter Crome; FRANKFURTER RUNDSCHAU, 15 Feb 84)	45
Warning Strikes Loom Over Workweek Issue (DER SPIEGEL, 5 Mar 84)	49
Metalworkers Union Mobilizes Interview With Metalworkers' Steinkuehler, Franz Steinkuehler Interview	
Investment Lags Despite Profits, Stable Wages (Wolfgang Gehrmann; DIE ZEIT, 17 Mar 84)	55

FINLAND

Foreign Ministry Announces New Aid for Vietnam Shipyard (HELSINGIN SANOMAT, 23 Feb 84)	60
---	----

FRANCE

Effects of Price, Wage Control on Consumer Buying Power (LE NOUVEL ECONOMISTE, 6 Feb 84)	61
---	----

Response to Wage Deindexing, by Henri Gibier,
Jean-Pierre Robin
Interview With FO's Bergeron, Andre Bergeron Interview

Effects on Unemployment of Laws Protecting Labor (Raymond Soubie; LE NOUVEL ECONOMISTE, 20 Feb 84)	69
---	----

GREECE

Data on 1983 Balance of Payments Deficit (I KATHIMERINI, 29 Feb 84)	71
--	----

NETHERLANDS

Ruding Calls for Additional Cuts in 1985 Budget (ANP NEWS BULLETIN, 7, 9 Mar 84)	73
---	----

Three Billion Guilders More
Defends Proposal

SPAIN

Call for 'Social Pact' To Remedy Economic Crisis (Editorial; YA, 21 Feb 84)	76
--	----

Statistical Survey of Increasing Taxation (EL ALCAZAR, 21 Feb 84)	78
--	----

Rise in Exports, GDP Recorded in January (ABC, 24 Feb 84)	80
--	----

Fiscal 1983 Decline in Employment Opportunities (Amancio Fernandez; ABC, 1 Mar 84)	81
---	----

Banco de Vizcaya To Acquire Banca Catalana (DIARIO 16, 1 Mar 84)	83
---	----

Reconversion Toned Down by Union Pressure, Civil Unrest (ABC, 24 Feb 84)	85
---	----

TURKEY

Barlas on Turkey's Mid-East Economic Expectations (Editorial, Mehmet Barlas; MILLIYET, 21 Feb 84)	87
--	----

Difficulties Encountered in Exporting to Iraq (DUNYA, 29 Feb 84)	89
---	----

Call for Larger Turkish Role in Sudanese Market (Osman Senkul; DUNYA, 29 Feb 84)	90
PP Motion for Abrogation of Foreign Trade Law (CUMHURIYET, 29 Feb 84)	92
Solution Sought to Contractor Decline in Libya (DUNYA, 29 Feb 84)	94
Gungor on Wage Policy's Economic, Political Impact (Tevfik Gungor; DUNYA, 29 Feb 84)	96
Sales Bill Stirs Parliamentary Controversy (CUMHURIYET, 29 Feb 84)	98
Ilicak on SAB Authority, Wage Provisions (Editorial, Nazli Ilicak; TERCUMAN, 21 Feb 84)	104

ENERGY

FEDERAL REPUBLIC OF GERMANY

Interests Conflict in Energy Law Revision (WIRTSCHAFTSWOCHE, 10 Feb 84)	106
Federal Support for Nuclear Reactors May End (FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT, 13 Feb 84)	109
Energy Specialists Urge Economy, Not Expansion (Martin Urban; SUEDEDEUTSCHE ZEITUNG, 16 Feb 84)	111

FINLAND

Decision Expected Soon on Extension of Soviet Gas Line (HELSINGIN SANOMAT, various dates)	114
Soviet Official Optimistic Cities Must Approve First Tampere To Decide in Spring Sweden Looking at Prices, by Vesa Santavuori Paper Comments on Issue, Editorial	

COMMENTATOR ON DE RUITER, CRUISE MISSILES

Rotterdam NRC HANDELSBLAD in Dutch 11 Feb 84 p 7

[Article by J. M. Bik: "De Ruiter: Obstinate Man, But Without CDA's Capriciousness"]

[Text] Whoever saw and heard CDA Minister Job de Ruiter (Defense) in the Second Chamber last week would have had a hard time imagining that he is now the minister about whom the VVD is so concerned in connection with the question of cruise missiles. At his characteristic calm pace, the minister not only kept the opposition at arm's length but, moreover, did not for one moment give any impression of being the man who is said to be about to kill the current government coalition--by refusing to take part in a positive decision on deployment.

To all appearances unconcerned, the lawyer De Ruiter discussed with members of the PvdA delegation the procedure which will soon have to be followed in the event of a positive decision on deployment. No, no doubt about it. The Cabinet will make a decision in June at the latest, diverging views on the part of individual CDA Chamber members cannot change that. And, surely, if it is a positive decision, then the Chamber must be able to judge the text of an agreement with the United States without too much delay.

Initially, during discussion of the NATO portion of the budget, the Minister was even of the opinion that the text of such an agreement could indeed be considered at the same time as a decision on deployment. After some discussion back and forth with the Socialist De Vries, he conceded that such an approach was in fact not such a good idea. It was agreed at that time that the outline of such an agreement would be presented with a Cabinet decision, if positive.

Last summer, just before the parliamentary recess, this same De Ruiter surprised the Second Chamber and interested outside observers with the selection of a location for an eventual cruise-missile site: Woensdrecht. The IKV [Interchurch Peace Council] had previously announced its expectation that De Peel or Volkel would be selected as the site, and protest activities were also already well established in those locations. The IKV's expectation had been accompanied by several rude comments which it directed at the Minister of Defense, namely, that he was making light of the whole issue with his

denials. Politicians and officials who believed they knew the statesman said at that time that they therefore knew almost certainly that neither De Peel nor Volkel would be chosen; and that ultimately proved to be true.

Several months earlier in Washington, Bonn, and London, Prime Minister Lubbers had requested and obtained understanding that the NATO partners would be better served with postponement of a Dutch decision on deployment than with a negative decision. And at the same time, as a sign of good will, he promised that selection of a location would follow within 6 months; and that thus also proved to be true.

De Ruiter, then. Didn't the local authorities in Woensdrecht want to cooperate? Well, then they could count on "directions" from the federal government--or so he let it be known last summer. A decision on deployment in June '84 at the latest, he said then and he is still saying, without addressing himself directly to his anxious supporters in the CDA delegation.

If, in the near future, De Ruiter ultimately does not agree to a positive decision on deployment in the Cabinet, then that will not in any case have been preceded by the feints which many of his fellow party members have been demonstrating. And, at the same time, that means that once this minister has formed a definitive opinion, there is nothing much more to be done about it. And again, that is something different from what CDA delegation spokesman J. de Boer, for example, recently had to offer.

Still a fresh memory is the case this man made in Alphen aan den Rijn on 11 January for further postponement of a Dutch decision on deployment. He mentioned the fact that arms-control talks in Geneva had been broken off as an important reason for that plea. The question could be raised, in that connection, as to what his motivation was, then, a year earlier when De Boer, together with fellow party member Frinking in a confidential memo to CDA leaders, recommended on balance that they steer towards a no on cruise missiles. At that time, after all, the negotiations in Geneva had not yet been broken off.

But okay, De Boer fell into line with his party this week and declared boldly and not without humor that in Alphen he had spoken only in the name of De Boer. The unity of the CDA, for which no altar appears to be large enough, was restored once more. The laughter in the Chamber should surely have been attributed to relief.

"In answer to that farmer in the American state of Minnesota, who says that they are too jittery in Western Europe to do their part in conventional armament, while he will soon be sitting there with an MX missile in the ground, I am indeed prepared to accept nuclear medium-range weapons (i.e., cruise missiles--J.M.B.). In that respect, then, I do not have any fundamental objections to cruise missiles, and not even in Woensdrecht (...)." The preceding quote comes from an interview with J. de Boer in the HAAGSE COURANT of last 12 January, that is to say, 1 day after the previously mentioned speaking engagement in Alphen. So, who can make heads or tails out of that one?

Feints within the CDA, serving to preserve its unity, even though it was only the appearance of unity. Another good example is the aftermath of the Chamber debate in December 1979 about the dual NATO decision made that month. In the final phase the Van Agt Cabinet had put itself on the line, which ultimately kept enough members of the CDA delegation, however disgruntled, on board during the votes. Great consternation, public penance, crisis of conscience, and again, a few days on the front pages.

Shortly afterwards, during a peculiar conversation over the weekend with the chairmen of the merger parties KVP [Catholic People's Party], ARP [Anti-Revolutionary Party] and CHU [Christian Historical Union], halfway between The Hague and Groesbeek, CDA Prime Minister Van Agt was required to express his willingness to accept a critical open letter from them at an early date. The CDA Prime Minister discussed at that meeting the terms in which he would be criticized for the position he had taken in the nuclear-weapons debate, in order to assure the restoration of the peace of mind of his friends in Parliament!

That the letter in question, partly because the then-chairmen of the KVP and CHU (Van Zeil and Van Leeuwen) had pressing other business, was finally drafted by the ARP chairman (the nuclear pacifist Hans de Boer) and turned out to be harsher than agreed upon with Van Agt, makes this example an even better story. The Prime Minister objected to the (too) severely worded letter from the chairmen at his weekly press conference, by which the internal attempt to repair relations at the top level of the CDA miscarried and the offended feelings of the Christian Democrats continued unabated.

Someone like Minister De Ruiter, obstinate as he may be, has no need of such capriciousness. With all the criticism which the VVD levels at him from time to time, they would do well to take that into consideration too.

12620

CSO: 3614/42

DEPREZ ON PSC, RELATIONS WITH WALLOON LIBERALS

Brussels LA LIBRE BELGIQUE in French 17 Feb 84 p 3

[Interview with Gerard Deprez, president of the PSC, by A.M.: "The Real Polarization Is Between the PSC and the PRL"]

[Text] Mr Gerard Deprez has just celebrated the second anniversary of his accession to the presidency of the PSC [Social Christian Party (Walloon)]. On that occasion we asked him to draw up the balance sheet of his activities but also to make a general survey of the current political news.

Gerard Deprez became interim president of the PSC at the 2 December 1981 session of the management committee, during which Mr Vanden Boeynants was defeated following the end of negotiations with the liberals during the pre-government discussions which followed the legislative elections of 8 November 1981. Mr Deprez became full president on 10 February 1982 after a vote of all the members of the PSC.

Hence, Mr Deprez participated in the setting up of the Martens V administration and has claimed, among other things, a number of ministries for his party. What does the president of the PSC think of the choices he made in the light of 2 years of government experience?

[Answer] One has to put oneself back in the context of that period. We were faced by a triumphant liberal party which announced that it would break up everything.

We took the Ministry of the Interior because at the time, given the configuration of the government and of the operations to be carried out, the situation was likely to become troubled. I didn't want a Flemish minister of the interior given the problems which might arise in the periphery of Brussels, in the Fourons and in the steel basins. I didn't want a liberal either because, given the social climate I expected, I didn't trust a representative of that orientation to show courteous firmness in the social area.

In tacit agreement with the social Christians of the North, we decided to take the social departments because we wanted the retrenchment efforts to take place with respect to the principles of social security and not on the basis of simple and demagogic slogans. Mr Hansenne got the Ministry of Employment and Labor; Mr Mainil became secretary of state for pensions; and Mr Dehaene got the Ministry of Social Affairs.

I also wanted to get departments which would allow us to oversee laterally all the government's actions. This was the case with Philippe Maystadt at the Ministry of the Budget and Charles-Ferdinand Nothomb who supervises the administration as a whole.

If I had it to do over again -- that is to say, if we were 2 years back --, I would make exactly the same choices again with the same men. It was a good political choice with regard to society and to this government's work.

[Question] Was it a profitable choice for the PSC? It is the liberals who constantly shout about retrenchments and who reap the fruits of a certain popularity while a good share of the work is done by the social Christian ministers...

[Answer] I think that people are beginning to realize the importance of the action carried out by the social Christians. When the balance sheet of the retrenchments is drawn up, people will see that the contribution of the liberals is derisory. The liberals push hard but their results are meager. They prefer to conduct publicity type operations, but followed by few effects, such as the declarations on the union theme, the immigration bill, Louis Michel's declaration concerning a Brussels region which would cover all of Brabant...

The PSC does not make a career of demagoguery and does not have a craving for polls. For the PSC, the only poll that counts is the election.

Our balance sheet is good overall and we can be proud of it. Consider Michel Hansenne's efforts in favor of employment, the exceptional performances of Philippe Maystadt who managed to reduce government expenditures in 1983 by 3 percent in real terms, the pension reform embarked upon by Pierre Mainil, Charles-Ferdinand Nothomb's actions in the Ministry of the Interior which prevented the bankruptcies of Liege and Antwerp, who imposed respect for democracy by appointing Jose Happart, and who got out of the deadlock created by the public service strike.

[Question] Don't you also occasionally do some bluffing when demanding, for example, that Brussels be given the equivalent of its share in the inheritance taxes... and then contenting yourself with 500 million francs per year?

[Answer] All the national PSC ministers agreed on this argument, but the (liberal) minister for the Brussels region, Mr Hatry, did not adopt this demand. It was not appropriate for the national ministers to appear more extreme than the president of the Brussels Executive...

Mr Deprez and the Parties

[Question] Let us talk about the parties now. To begin with, about yours. Did your operation "unity" succeed?

[Answer] There is no longer any sign of division within the PSC. For 2 years, there has not been a public expression of what used to be called the "families." Within the party there are sensitivities which are expressed but in all the dossiers, it is ultimately the PSC as such which expresses itself. In 2 years time, thanks to everyone's help, the PSC has been completely reunified. Even our opponents never mention the difficulties within the PSC any more.

[Question] And yet your membership certificates for 1984 note that only direct affiliations to the PSC are valid and that one should not respond to requests addressed in the name or on the initiative of "groups" or "tendencies"...

[Answer] It is a simple practical error. The formula which appeared on the 1982 certificates was inadvertently repeated.

[Question] You have announced a large institutional congress on the "federalism of union" for this spring. How far has this progressed?

[Answer] A group has been working on it for a year. A very broad agreement has emerged, except for a number of technical problems. I am, however, not convinced that the political situation is ideal for holding such a congress. A few basic questions also remain, which must be settled within the party. I think that it would be more judicious to hold that congress in the fall.

[Question] You often say that, if the electorate gives you a mandate to that effect, you are willing to continue the experiment with the liberals. Won't some of your traditional voters then be tempted to vote directly for the liberals?

[Answer] We should understand each other. Our objective remains to continue until the end of the current legislative session because the citizens have a right to that and the recovery work requires time. If the voters generally reinforce the majority and each of its components, then I am willing to continue with the liberals for two reasons:

1. The socialists have defined such prerequisites in matters of state reform that one would have to once again negotiate on a community basis and not grant priority to the socio-economic matters;
2. It is important for the future of Wallonia and for the equilibrium of the country that one be able to govern without being forced to do so with the PS [Socialist Party (Walloon)].

I believe that this is not the hour of the socialists. We cannot make a populous, relatively prosperous Flanders, champion of free enterprise, coexist with a less rich, socio-bureaucratic Wallonia, which takes refuge in autonomy, out of fear of meeting the challenges we are faced with now.

My message is not to bind ourselves to a partner. It is to say that a formidable cultural and political change must be made in the South and the Center of the country. There are some conditions under which this will happen better than under others.

[Question] Hence, you are putting the PS in the corner for a good long time...

[Answer] No, no, no! I have no prerequisite. It is the voters who decide, but it is the responsibility of politicians to indicate what they consider to be desirable for their country, their community and their region.

[Question] And what has happened to the dialogue of the French speakers in all of this?

[Answer] I am ready for a dialogue. At certain times, solidarity among the French speakers must override party antagonisms. But Mr Spitaels has not made a single gesture. He keeps talking about a dialogue but at the same time he refuses to participate in the Study Center for State Reform. A dialogue, yes, but not under conditions imposed by one of the partners.

[Question] The "irritations" between the PSC and the PRL [Liberal Reform Party (Walloon)] have increased recently. How is your relationship evolving?

[Answer] We are two different parties which do not have the same conception of values. So far we have been able to manage the tensions and I hope that we will be able to continue to do so.

However, I must note that for the last 2 years the big political debate has taken place between the PSC and the PRL. That is where the real polarization lies.

The PRL has turned into the champion of economic rigor. To the economic rigor, the PSC wants to add social justice. I don't know of any socially inspired proposal from the liberals. Name one!

On the other hand, the liberals defend freedom of enterprise only in the economic area where profits can be made. The PSC, on the other hand, defends this principle in all areas of social life: schools, hospitals, social aid, etcetera. Is the PRL, for example, willing to challenge the financial privilege granted to public education as against private education? Is the PRL opposed to private institutions because they are Christian?

[Question] You are often accused of having vague attitudes. What are the major principles of your political line?

[Answer] I see five of them: economic rigor with social justice; freedom of enterprise, but not in the economy alone; strengthening of government measures in favor of those who create and invest (PME [Small and Medium Sized Enterprises], cadres, etcetera); modernization of the French speaking world (new technologies, etcetera); priority of values over interests. We are the "ecologists of the person."

[Question] A last word about unions. What about your relationship with the CVP [Social Christian Party (Flemish)]?

[Answer] In the past, the CVP was the monster. Today, all the Flemish parties are on the same community wave length. Our relationship with the CVP is of the same nature as those we have with the other parties even though, with regard to certain stakes, the solidarity between the CVP and the PSC is great.

Budgetary Supervision

[Question] Compensations must be found for the additional expenses foreseen for 1984. What form will they take?

[Answer] Compensations for expenditures must be handled in all the sectors. Even in the social sectors where some abuses may continue to exist. Choices must be made and the prospect of the European elections should not keep men from taking on their responsibilities.

European Elections

[Question] Will you be a candidate?

[Answer] (An endless silence) I don't exclude the possibility of my being a candidate, but the decision will be up to the party. The list will be announced at the beginning of March.

[Question] Aren't you worried about those elections?

[Answer] I am betting that we will get more votes than we did in the European elections of 1979. We also hope to keep our three seats, but this will depend in part on the number of lists which will be submitted.

[Question] What do you think of the PS having won over Jose Happart?

[Answer] His credit will be weakened both as mayor and as personality as soon as he tries to use what he may represent for personal and partisan ends. It is an abusive exploitation of the trust which the voters of Fourons placed in him.

In any case, I can assure you that the PSC never approached him and that if some people did so -- which I don't believe --, they were not skillful.

And What About Pairing?

[Question] And what if the European and legislative elections were paired, something that is talked about so much...

[Answer] The PSC is not afraid of anything that may come up. It will not intentionally provoke anything but it is ready for any contingency. There is absolutely nothing missing in our party. The militants are super-motivated. I am a calm and confident president.

[Question] Are the risks of an accident serious?

[Answer] We cannot conceal them even if we have always supported this government to the hilt.

There is the electoral atmosphere of the "European elections" which is further amplified by an excessive number of surveys. Within such a context, there is the difficulty of carrying out the indispensable retrenchments. Look at the Flemish offensive in Fourons and in the periphery of Brussels. The French speaking parties, even those in the majority, will not be able to witness and not react to a process of decimation of the French speaking elected officials of the periphery. There is also the sharp conflicts of distribution of the financial resources among the regions (jeeps, RTT [Telegraph and Telephone Administration], price of electricity).

[Question] A prognosis?

[Answer] I would simply say that the PSC did not take the initiative of destabilization or of sharpening of tensions. Whatever happens, what is of foremost importance is that it be possible for the policy of economic recovery to be continued.

8463

CSO: 3619/37

MARTENS, SWAELEN ON COURSE OF FLEMISH SOCIAL CHRISTIANS

Brussels LA LIBRE BELGIQUE in French 20 Feb 84 p 3

[Text] During the entire weekend, the Flemish Social Christians devoted their 39th congress to voting on resolutions defining a foreign policy (see LLB of 18 February) and this around four themes: Europe, international economic relations, aid to development, peace and security.

In the Belgian part of his speech, Mr Martens appealed to social interlocutors to facilitate the pursuit of economic recovery, whereas Mr Swaelen warned Mr Nothumb to respect the decisions of the cabinet.

In a warmly applauded speech, Mr Martens related the work of economic recovery started by the government and the first tangible results of this policy: reduction of the deficit in our ordinary operations abroad, restoration of our industrial production, and a slowdown in the increase in the number of unemployed (20,000 additional units from the end of January 1983 to the end of January 1984 against 91,000 more during 1981).

Belgium's restored competitive position must absolutely be maintained," Mr Martens stated, "and the law of 1 April 1983 has made it possible to establish a 'standard of competition' which must be further refined, adapted and maintained, whatever the cost up to the end of 1986." Mr. Martens indicated his preference for an interprofessional agreement between the social partners, but, he added, if such an agreement could not be reached, the government would not hesitate to make a new appeal to the parliamentary majority's sense of responsibility.

Then, stressing the search for justice with regard to social security, the prime minister affirmed that it was not a question of going in for a "witch hunt" concerning certain allowances. The basic principles of social security should be respected, and every category should participate in an effort that should be all the greater because the financial power of those concerned was important.

With regard to the fight against unemployment, the prime minister pleaded for measures on behalf of the most affected citizens and for abandoning all restrictions with regard to work-time duration. Mr Martens called on the workers to defend their firms' competitive positions and on entrepreneurs to reinvest their profits and use them to create employment.

The prime minister also announced that in the next few days, he would submit a plan intended basically to stabilize public finances.

In his improvised conclusion, Mr Martens stressed that the Christian Democrats were in the process of carrying out a decisive struggle in three fields: first, on the economic level; secondly, with regard to the insane war for state reform whereas autonomy, even in financial responsibility, should be pursued; thirdly, the prime minister stated, the Christian Democrats were fighting for their survival.

Finally, Mr Martens considered that the Flemish Socialist Party was exploiting community questions because it lacked alternatives in other fields.

Moreover, for the prime minister, the Flemish People's Union was nothing but "a trailer for the Socialists, even Walloons." In conclusion, the prime minister affirmed that the CVP [Social Christian Party (Flemish)] should once again show itself on the offensive.

In his turn, Mr Swaelen, the party chairman, congratulated all the CVP members of the government on the work they had accomplished since the beginning of the legislature. Referring to the opposition, Mr Swaelen stated that the CVP did not need the Greens to become interested in the environment, nor the Reds to be social. The section it had devoted to community questions was particularly consistent. "The CVP," Mr Swaelen stated, "attaches great value to the decisions of the cabinet, which must be respected by political officials at all levels and above all by the minister of the interior. If this guarantee does not exist," he pointed out, "there is no longer a legal state, there is no longer even a government."

Mr Swaelen then gave his support to all the "friends of the CVP who live along the linguistic frontier and in communes with facilities."

In his conclusion, the party chairman criticized the intentions of those who wished to join together the European and the national ballots. The CVP's reply was clear: "This government must continue its work of recovery until May 1985."

Mr Swaelen lastly expressed his confidence in the list that the CVP had set up for itself with these European elections in mind and in Bert Croux, the one who would lead it.

Cooperation: Radicalization

When the foreign policy resolutions were being voted on, the CVP-Jongeren succeeded in getting approval of an amendment calling for the most rapid community takeover possible of the policy of cooperation in development and most especially the AGCD [General Administration for Cooperation in Development], particularly by reason of the "harassments" that Dutch cooperators are subjected to, particularly in Zaire.

With regard to Zaire, another amendment adopted stipulates that Belgo-Zairian cooperation should go hand in hand with the requirement of respect for basic freedoms and social rights in Zaire and that Belgian military assistance to that country should be "limited and temporary." Two other motions were put off until the next meeting of the party committee. One calls for details on "the living conditions of the Zairian people and on the actual impact of the aid granted by Belgium," and the second deals with the "policy of Mr de Donnea, the secretary of state."

With regard to Euromissiles, the congress confirmed its position of 31 August 1983, stating in particular that starting to deploy Euromissiles on European territory did not mean the end of negotiations and that we must not neglect any effort toward resuming the Geneva negotiations. As long as there were serious chances of achieving a result, the CVP considered the Belgian Government had no urgent reason to make a final decision as to the installation of Euromissiles on Belgian territory.

9434

CSO: 3619/36

SOVIET AMBASSADOR SOBOLEV DISCUSSES EXPORT OPPORTUNITIES

Helsinki KANSAN UUTiset in Finnish 23 Feb 84 p 19

[Text] In order to balance Soviet-Finnish trade Finnish enterprises should consider increasing their purchases of machinery and equipment from the Soviet Union. To stabilize trade it is no longer possible to make additional oil purchases as has been done during the past two years, Ambassador V.M. Sobolev stated in Turku.

The ambassador discussed trade between the two countries during yesterday's Soviet Trade Day.

"According to our understanding, Finnish enterprises could buy much more Soviet-made machinery and equipment for ships to be built on Soviet orders," suggested Ambassador Sobolev. "The value of machinery and equipment purchases could be raised to 200 million rubles annually, as stated in the long-range program," he stated.

Another solution seen by the ambassador is a further increase in natural gas imports. According to the agreement signed in early February, natural gas imports are going to be increased. Also, the agreement to increase imports of Soviet natural gas to 2.75-3.0 billion cubic meters by the year 2000 has been confirmed.

During the last two years Soviet trade with Finland has suffered from deficits. Price reduction of fuels and crude oil above all has caused a drop in the value of Soviet imports because 75 percent of Soviet imports to Finland are oil or oil products.

In order to reduce the deficit, the Soviet Union exported an additional 2.3 million tons of oil which Finland had the right to export further. The additional exports included other products as well, valued at about 100 million rubles.

Finns May Be Chosen to Construct Metallurgy Complex in Kola

The value of industrial complexes currently under construction in the Soviet Union by Finnish firms reaches 892 million rubles. The construction

of several other complexes in planning stages depends, however, on the possible increase of Soviet exports to Finland, according to Ambassador Sobolev.

Compensation trade and industrial cooperation can also be considered to balance the trade.

"Among other things, the construction of a large powder metallurgy industrial complex in the Kola Peninsula as well as the construction of two or three protein and vitamin feed factories could be negotiated on the basis of compensation and natural gas trade," Sobolev said.

"Both countries would benefit from cooperation in technical development of industry and increasing the effectiveness of exports," the ambassador pointed out.

"While many representatives of the West are trying to return to the spirit of the Cold War in the East-West relations, it is particularly important that in developing Finnish-Soviet trade we follow the policy of strengthening friendship and good neighborly relations," Sobolev remarked.

The ambassador pointed out that Finland firmly occupies the number two slot in Soviet trade with developed capitalist countries. The value of our trade currently exceeds 5 million rubles annually.

Soviet Trade Guarantees Ability to Compete

During 1981-85 the amount of trade is supposed to reach 18-20 billion rubles according to the long-range program. However, during the last three years the trade has already exceeded 15 billion rubles, in other words, considerably more than anticipated in the long-range plan, the ambassador pointed out.

According to him, businesses can make capital investments with confidence.

"The large, strong Soviet markets with their long-term objectives offer Finnish companies an opportunity to make significant capital investments in updating their basic equipment with confidence. Thus they can keep up with technological development and maintain their competitiveness in the world market," Ambassador Sobolev stated.

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SORSA DISCUSSES GOALS FOR HIS GOVERNMENT, SDP ISSUES

Helsinki UUSI SUOMI in Finnish 2 Feb 84 pp 16, 17

[Article by Tuomas Keskinen: "Prime Minister Sorsa on Cooperation With Paavo Vayrynen"]

[Text] The following statement is Prime Minister Kalevi Sorsa's everyday philosophy on a week of decisionmaking now beginning in a government that has become involved in an altercation:

"If the government were to prevent such an important issue as the adoption of a moderate 2-year labor contract solution, we would be compelled to ask what function does such a government serve."

The prime minister "is not able to boast" about cooperation with the government's number two man, Paavo Vayrynen, since it smells of university student politics.

Prime Minister Kalevi Sorsa's list of important reforms includes the partial reform of the constitution, the reform of the presidential elections, and also the creation of statutes defining a president's permanent incapacity.

"I have invited the chairmen of the ruling factions and party secretaries to dinner on Monday evening," states Prime Minister Kalevi Sorsa in talking about the struggle on the slopes of Sarajevo and in the cabinet chambers.

The prime minister complains that no negotiations can succeed during the ski reports. On Thursday he had to interrupt the meeting of a Social Democratic Party committee in order that Marja-Liisa Hamalainen could be seen skiing in Sarajevo. Sports Minister Kaarina Suonio was thrown into the air in lieu of Marja-Liisa upon confirming her victory.

The crisis in the government, if there is one, at the end of the week primarily concerned what the forthcoming negotiations will be called. In the opinion of the Center Party there will be no negotiations on a government program. The Social Democrats, on the other hand, referred to this in their own report.

What will Monday evening's meeting thus be called?

"Perhaps we will decide on the name of the negotiations there," states Sorsa.

"We Social Democrats initially assumed that the report of the center factions was to be taken quite seriously, but they themselves have subsequently downgraded the importance of their report," continued the prime minister.

Thus he is apparently clearing the path for a way out of a futile dispute over prestige. But there are real issues and the prime minister mentions support for home care, income security for the unemployed, and the compulsory billion-markka grain export transaction.

Sorsa considers it possible that the joint appearance of the center factions a couple weeks ago was aimed at binding the SMP [Finnish Rural Party] as a bourgeois party. He points out that the Center Party has made no secret of its satisfaction with this.

"I did not expect much else from the SMP, only a kind of impartiality," commented the prime minister.

He states that the SMP has been more independent than the Liberals were in their time. At the same time he points out that the party was included in the government because of the dispute of power relationships between the Center Party and the Social Democrats and for no other reason. A centrist majority was achieved in the government in a healthy manner without overrepresentation by means of the SMP.

In the event of future government crises Sorsa points out:

"Let each party be in the government only on the basis of its own devices."

The acceptance of the SMP into the government also meant that a bourgeois alternative was in some respects recognized:

"We were even aware of this when we opened that door."

Indeed, that "alternative" seems to be ever more theoretical. Since the parliamentary elections our domestic policy has been reminiscent of a poker game in which one of the players has already overplayed his hand. Who remains to be seen.

"Since there are no great differences of opinion in substance, that player will stand out," commented Kalevi Sorsa.

Since Chairman Kalevi Kivisto of the SKDL [Finnish People's Democratic League] criticized the government for a lack of policy and an identification with officials, counters the prime minister:

"It was respectful of the SKDL to submit its interpellation to the government instead of the civil service."

Poor Cooperation

From the point of view of government work, relations between the Social Democrats and the Center Party are most essential?

"They are not very good," states the prime minister emphatically. Indeed, he continues by saying that in this respect there have always been disputes, agreements have always been reached, and thus issues have been resolved.

"But cooperation has been rather poor in this government even though it has not been a question of particularly earth shaking issues because of a lack of money."

The prime minister does not so much doubt the desire to negotiate on the part of Center Party leaders themselves as he does the fact that their foundation is sufficiently secure to give them the confidence to be able to reach an agreement.

"In order to be able to cooperate they must be certain that the rank and file will remain behind them," states Sorsa. He also refers to the forthcoming congress of the Center Party.

It is most importantly a question of whether there is a lack of confidence between the prime minister and his deputy, Paavo Vayrynen.

"I cannot boast about those relations," he answers and continues: "If those relations were good, they would, indeed, promote the work of the government."

They are not good now?

"I do not want to say any more," states Kalevi Sorsa.

And if we compare this Vayrynen era with the time when you were in the same working relationship with Johannes Virolainen in the beginning of the 1970's?

"Whatever else I may have said about that time, we were able to reach agreements on everything and the agreements also held. We were direct even when we were attempting to deceive one another."

What is this present cooperation like?

"It smells of university student politics."

A Great Legacy

But the prime minister-chairman cannot boast about leftwing cooperation either. It does not exist, nor can it exist.

"Only after the SKP [Finnish Communist Party] congress and the SKDL's congress will it be possible to say what kind of leftwing we will have. They must first know what they themselves want. We cannot help them and we do want to be of detriment to them."

The Social Democratic Party has always depended on the total power of the leftwing. On this is what its rule has depended. Now this power is becoming weaker. Communist forces are diminishing, but in a different way than before, leaving the Social Democratic Party behind.

This, Kalevi Sorsa admits even though the trend is perhaps more diverse among the parties:

"The leftwing has become weaker."

The old, unified Social Democratic Party has had to be strong since we have not succeeded in squandering the whole legacy together, admits Kalevi Sorsa.

"It is apparent that there will be a time when we will have a small Western European type Communist Party, but not a large Western European type SDP."

How does the party intend to extricate itself from this situation?

"It is pondering the future, a new program for the next 30 years. This will mean profound change, which can even hurt."

But the party is not deliberating its program in order to gain favor, such an evaluation is condemned by Sorsa as journalistic speculation.

"We will renew our program in a serious sense, whether we succeed remains to be seen," he states. "We will attempt to map out present and discernible development trends and to answer them in accordance with our ideals."

Kalevi Sorsa talks frankly about the movement of Greens:

"I do not consider it to be a particularly serious movement in the political sense. The assessment that we politicians were terribly alarmed by the appearance and success of the Greens is incorrect.

"The Green movement is an important symptom of a change in people's objectives, but it cannot be compared with the political parties since it does not cover all of society, but limits its work only to a certain few but popular themes.

"They also do not want to organize themselves into a party," points out Sorsa.

"The Greens are not interested in human society, but in its peripheral phenomena: the environment, pollution, and energy production."

In spite of everything and overlooking all that was said above, Kalevi Sorsa believes that Finland is slowly but surely, in fact, travelling toward a two-party division: a rule of the Social Democrats and the Conservative Party.

"The Greens may possibly slow down this process, but they will not stop it," estimates Sorsa.

Election of a President

The duty of the Social Democratic Party is to preserve all the good that has been achieved and Sorsa approves of this preservation role. But reasons for reform can still be found. He begins with the constitution:

"Finland's parliamentary system should be made closer to normal parliamentarianism."

He himself would be ready for even radical changes in decreasing minority protection, but, as a whole, it is necessary to be cautious.

"Minority protection or dictatorship should now, indeed, be reduced," he states very clearly.

And what about the method of electing a president? The prime minister admits the difficulties and the various positions: if one-third of the people does not want a change, one-third wants only a few, and one-third would change everything, there is food for thought.

"But apparently the desire for change among the political elite is so forceful that a change in accordance with the so-called Possessor model will be accomplished."

According to this, a candidate who receives more than 50 percent of the votes will be elected directly. If no one receives such a large percentage, the electors elected in this same connection will assemble to decide on the person of the president from among the candidates in the national elections.

And will this change be put into effect by the 1988 presidential elections?

"I believe so. This is the objective," states the prime minister.

As far as the number of presidential terms is concerned, Kalevi Sorsa supports the idea of two 6-year terms. This is the personal view of the chairman. The party has not yet made a decision.

Even in Sorsa's opinion this is not necessarily a question of a very large issue unless there are some surprises with regard to the president's health, for example.

"This has been discussed here," he admits. "If we are serious about the conditions of electing a president, clauses concerning the incapacity of a president can also be included in this reform."

The permanent incapacity of a president and who would make this determination should be defined. This decision could be made by a college of physicians.

Sorsa points out that these issues are not, in fact, clearly defined at all in the present constitution.

Kalevi Sorsa is annoyed that his statements about limiting the number of terms in office have been interpreted as his own personal aspiration.

"When the discussion revolves around conjectures regarding motives and the worst possible designs, there is no sense in this," he says indignantly. In this way all serious deliberation is thwarted.

Serious Labor Contract Negotiations

A comprehensive income policy [labor contract policy] solution is now in a sensitive phase. The negotiations have been extended another week, preparations are being made for forceful measures. The prime minister is concerned:

"The negotiations seem to be at a stalemate."

No one can be certain whether we will once again be "faced with a standoff" and a test of wills, as is so often the case. But the prime minister noted that the negotiations, which began well a week ago, have become bogged down.

He, however, believes in the week now beginning, we must take advantage of the opportunity. The government must make every effort to help.

The prime minister estimated that the fuss raised by the center factions has caused justifiable concern about the government's intentions in the labor markets. However, confidence has now most likely been restored.

However, the prime minister states seriously:

"If the government were to prevent such an important issue as the adoption of a moderate 2-year labor contract solution, we would be compelled to ask what function does such a government serve."

A comprehensive labor contract solution will thus become a test for the government also already in the week that is now beginning?

"I only made a philosophical statement," answers the prime minister.

The government's support represents confidence in future economic policy, it is a solution to unemployment security and home care subsidy.

As far as the near future is concerned, the prime minister adds:

"The government is preparing a reform in housing policy, particularly with respect to rental housing. It will be in the direct interest of wageearners' organizations."

Prime Minister Kalevi Sorsa opposed increasing the interest rate while General Manager Rolf Kullberg supported it. Now there is already open talk of attaching a reduction in the interest rate to the forthcoming labor contract.

The prime minister points out that the Bank of Finland, in the first place, determines the interest rate:

"A last-resort safety valve must be left open if things should go badly. This safety valve is the Bank of Finland.

"But the faster the inflation rate slows down, the more timely the lowering of the interest rate becomes," notes Sorsa.

Interesting Commission

Prime Minister Kalevi Sorsa's schedule is even more busy because of his chairmanship of the Finnish-Soviet Trade Commission. Nikolay Baybakov, deputy premier and chairman of the State Planning Committee, has been his guest for a week.

"We have conducted rather concrete negotiations on new types of cooperation," states the chairman, in general, in reference to issues which are "quite interesting".

"Soviet trade is in a dynamic development phase," he estimates. Joint projects in third-party countries, among other things, are interesting. The Finns dare to accept the risk according to Sorsa and assume the leading role in a project once they accumulate experience.

The extension of the gas pipeline to Tampere and Helsinki is now a timely issue:

"An agreement is being reached on this in an atmosphere of good will."

Sorsa believes that both parties are satisfied with the solution, otherwise an agreement cannot be reached:

"The situation seems to be good. We will soon be able to determine the areas of responsibility for the various Finnish parties with respect to concrete questions.

"I am optimistic that a transaction will transpire."

Incapacity of Helsinki Area

The prime minister does not seem to be as optimistic about the cooperative ability of cities in the Helsinki area. Something is also being done in the government:

"I have been kept busy by the inability of the capital city area to achieve any kind of cooperation and by the inconveniences this has caused. I have attempted to find such solutions which would promote the authority of YTV [expansion unknown] in such a way that it could accomplish its task.

"A new law regarding this matter may be ready for presentation in March," promises the prime minister.

Its passage would mean an increase in the authority of YTV in waste management, public transportation, and other common interests.

Prime Minister Sorsa also considers the housing situation in the capital city area to be difficult. This is the only area in which we still have an actual housing shortage. There are two reasons, and only one guilty party, the Center Party:

"Low-interest housing funds intended for this purpose are insufficient because of regulations regarding housing loans.

"For reasons of employment the Center Party would like to build housing there where the unemployment rate is high. This is in itself a positive argument even though I do not believe that the construction of housing will stimulate business in any particular area.

"On the other hand -- as has been made evident in discussions held in the government -- additional housing should not be constructed in the capital city area in the opinion of the Center Party since the area's growth will not be stopped otherwise. The Center Party wants people to move away from the Helsinki area.

"I cannot approve of the fact that people are deliberately subjected to a housing shortage and kept in misery," states Kalevi Sorsa.

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DEMOGRAPHIC PROFILE OF COMMUNIST ELECTORAL FRONT PARTY

Helsinki KANSAN UUTISET in Finnish 13 Feb 84 p 14

[Article by Maija Aalto: "SKDL Received 1000 New Members"]

[Text] The SKDL [Finnish People's Democratic League] has just completed a precise study of the number of members and the structure of its membership. The information is startling: in the midst of the known difficulties of the People's Democratic movement the SKDL's membership has clearly increased, it is not "digging its own grave", membership dues are being paid rather conscientiously, and the proportion of women has clearly increased.

"We have a large and faithful membership," states SKDL Business Manager Aulis Rooth, who is elated by the new information.

There is no cause for any kind of "fatalistic pessimism" in the SKDL.

More Than 1000 New Members Last Year

A precise report on the membership was made possible by the fact that the SKDL's membership registry has been computerized. Now rather precise information can be obtained from the membership registry with respect to a member's age, sex, and occupation, for example.

At the end of last year there was a total of 36,016 members in the SKDL. In 1983 the membership was increased by 1,032 new members. Among the league's 17 district organizations Pohjois-Hame, Varsinais Suomi, and Oulu increased their membership by more than 100 new members.

The league's largest district organization continues to be Satakunta, in which there were 4,535 at the end of last year. There has, however, apparently been a serious determination to reach the goal of Satakunta's traditional number one position in Oulu where the number of members has been increased to more than 4,000.

The next largest districts with respect to membership are Pohjois-Hame with 3,297, Lapland with 3,272, and Uusimaa with 3,249 members. Also the membership of the Varsinais-Suomi District exceeded the 3,000 mark.

Economic difficulties in the People's Democratic movement have seriously impeded the work of the SKDL's district organizations. Many of the district offices have only one permanent employee at this time and in two districts, Joensuu and Mikkeli, there is no permanent staff at all.

At the end of last year the SKDL had a total of 1,361 associations and local organizations in all the district organizations. There have not been any more resignations from the SKDL than in previous years, but the problems of the People's Democratic movement have, to some degree, caused members to withdraw from active work. The People's Democrats do not want to give up their membership books easily.

Average Age Around 47 Years

Contrary to common perceptions, the membership of the SKDL has not become "old". The age distribution of its membership corresponds quite closely to the composition of our country's adult population even though there is room for an increase in younger members.

The 20--29-age group made up 9.3 percent of the membership, the 30--39-age group 24.9 percent, the 40--49-age group 21.4 percent, the 50--59-age group 21.3 percent, the 60--69-age group 13.8 percent, and the those over 70 years of age made up 8.9 percent of the membership.

The average age is around 47 years. The average age was under 50 in all the districts except the Etela-Saimaa and Kymi district organizations. The youngest membership was in the districts of Helsinki, Lapland, and Jyväskylä.

Every Fifth Member Belongs to Finnish Communist Party

In examining so-called overlapping membership or membership in other organizations it became evident that 22.2 percent of the SKDL's members are also members of the Communist Party. This figure could be slightly inaccurate since it was calculated before the conclusion of the exchange of membership books in the SKP [Finnish Communist Party].

Nearly half or 47.2 percent of the SKDL's members belong to the E-coop movement. TUL [Workers' Sports League] members made up 28 percent.

Among the women members of the SKDL every fourth member belongs to the Democratic Women's League. Nine percent of the SKDL's members belongs to the Youth League and 3.8 percent to the Pioneer League. SOL [Socialist Student League] members made up 0.7 percent of the SKDL's membership.

Workers' Movement

The occupational distribution of SKDL membership clearly indicates that the working population continues to be the strongest support group of the league, but the proportion of white-collar workers is also significant. The number of farmers, on the other hand, has decreased.

Farmers and private entrepreneurs make up 3.6 percent of the SKDL membership, white-collar workers and students 17.5 percent, workers 50.1 percent, and pensioners 21.7 percent. Housewives or those who did not declare an occupation made up 7 percent.

The occupational distribution seems to be quite different in different sections of the country. For example, in Helsinki, there are no farmers at all and white-collar workers make up more than 40 percent of the membership.

The proportion of women in the SKDL has been a subject of concern -- it has been less than in the other large parties.

At the end of 1983 women made up 33 percent of the SKDL's membership or 67 percent was comprised of men. Kymi District had the least women, 25 percent, and Helsinki District had the most with 41 percent.

But data on new members indicates that the situation is improving. Among the members joining last year 37 percent was made up of women and in the Vaasa District Organization women already make up 52 percent of the new members.

Membership Dues Paid Conscientiously

The percentage of people paying membership dues in the SKDL is commendably high if the situation is compared with other parties. Last year 70 percent of the membership paid its dues on time. Annual membership dues in the SKDL are 50 markkaa, 15 markkaa for those who are unemployed.

The number of district representatives at the next congress of the SKDL, which will be held in May 1985 in Tampere, will be determined on the basis of the number of members at the end of second quarter of this year or at the end of June. Thus there is still time acquire new members and increase the representation of one's own district at the congress -- but this must be accomplished before June.

SDP and Greens Most Serious Competitors

Various opinion polls consistently indicate that the SKDL's supporters lost in the last elections primarily gave their votes to the Social Democrats, the SMP [Finnish Rural Party], and the Greens. Recently, the "leak" toward the SMP has clearly diminished and a slight return to the SKDL has been observed.

The composition of the constituency has also been measured by Gallup polls and according to the data obtained from these polls, the SKDL's largest body of supporters comes overwhelmingly from workers and low-income Finns.

The SKDL will compile an exhaustive information package, which will be distributed to its members in the spring.

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POLL INDICATES CONTINUED RISE FOR SOCIALIST PARTY

Helsinki UUSI SUOMI in Finnish 16 Feb 84 p 3

[Article: "SDP and Center Party Support Has Increased"]

[Text] The situation seems good for the Social Democrats a full 6 months before the municipal elections according to the most recent opinion poll. On the other hand, the Conservative Party, which has enjoyed increased support in recent years, has reason for concern.

Problems are being explained in an optimistic vein in the party offices. However, there is now no desire to become prematurely elated about a cause for rejoicing. It is, however, clear that the published studies are having an impact on current campaign plans.

Since the last parliamentary elections the Social Democratic Party and the Center Party have increased their support according to several opinion polls. On the other hand, the approval rating of the Conservative Party and the SKDL [Finnish People's Democratic League], has clearly declined according to the study, and the Rural Party has also experienced a setback. Support for the Greens has, on the other hand, experienced growth.

According to an opinion poll conducted by the M Information Center at the request of SEURA magazine, SDP support was 27.8 percent at the end of the year or its support increased by 1.1 percent since the parliamentary elections. The number two position is held by the Conservative Party, but its support has declined 1.7 percentage points to 20.4 percent since the parliamentary elections.

The Center Party was supported by 17.9 percent of those interviewed or its approval rating increased by 0.3 percentage points since the elections.

The SKDL was supported by 12.6 percent in the polls or the decline since the elections was 1.4 percentage points.

Support for the Rural Party was now 0.3 percentage points less than in last year's parliamentary elections or 9.4 percent. The RKP [Swedish People's Party] remained at its previous support level or 4.8 percent (a decline of 0.1 percentage points since the elections).

Support Ratings for Political Parties

	1983 Parliamentary elections	June 1983 Taloustutkimus Poll	July 1983 M Information Center	Oct 1984 Taloustutkimus Poll	Jan 1984 Taloustutkimus Poll	Jan 1984 M Information Center Poll
SDP	26.7	27.2	26.2	24.5	25.4	27.8
SKDL	14.0	13.6	12.4	12.3	12.9	12.6
KOK	22.1	21.9	21.1	20.7	20.6	20.4
Kepu	17.6	17.7	16.0	17.7	17.4	17.9
SMP	9.7	10.5	12.2	12.2	10.1	9.4
RKP	4.6	4.3	5.4	4.7	4.6	4.8
Krist.	3.0	3.1	2.3	3.6	3.0	2.9
POP	0.4	0.2	0.2	1.3	0.5	0.5
Greens	1.5	1.5	3.9	3.8	5.2	3.4

Key:

KOK = Conservative Party
 Kepu = Center Party
 SMP = Finnish Rural Party
 RKP = Swedish People's Party
 Krist. = Christian League
 POP = Constitutionalist Rightwing Party

The Greens received a 3.4 percent approval rating from among those interviewed while the election result was 1.5 percent. Support for the Christian League fell off 0.1 percentage points and was 2.9 percent according to the study.

Gallup gives 0.3 percent to the SKYP [Finnish People's Unification Party] and an approval rating of 0.5 percent for the POP.

Leftwing support was now 40.4 percent while it was 40.7 percent in the elections. Total support for non-socialist parties has thus increased from 59.3 percent to 59.6 percent since the elections.

The poll was conducted in December--January. The number of people interviewed was made up of 1,394 voting-age citizens.

Conservative Party Disputes Downward Trend: Election Challenge

In the opinion of Political Section Chief Aarno Kaila of the Conservative Party the opinion poll does not indicate a continuing downward trend for the Conservative Party. "The formation of the government is seen as a disappointment in the Conservative constituency, but this will be a challenge in the municipal elections. We will pull all the loose ends together," states Kaila.

According to Antero Hautaniemi, who is acting as election chief of the SKDL, SKDL support is stabilizing in the opinion polls. He, however, warns against equating polls with the elections, in which the SKDL objective is an increase in support.

Rolf Sormo, the planning chief of the SMP, considers the poll to be an indication of stabilized support for the party. "Now people are not afraid to admit their political convictions in opinion polls, thanks to Koivisto," he states.

SDP Organization Chief Jorma Westlund states that far-reaching conclusions should not be drawn from these changes.

"Our relevant policy seems to be winning the confidence of the people. Thus we have no reason to change our policy," states Westlund.

10576

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PAPER COMMENTS ON CONSERVATIVES' LOSS IN POLLS

Helsinki UUSI SUOMI in Finnish 17 Feb 84 p 2

[Editorial: "Challenge for Conservative Party"]

[Text] The most recent opinion poll regarding support for the political parties indicates that no landslides will take place in parliament even if the elections were held tomorrow. In general, no serious conclusions should be drawn from individual polls, but a mutual comparison of several results can at least provide a sign of the direction of movement.

The message concerning the Conservative Party is the most clear. The increase in support over the past several years seems to have culminated in last spring's elections, which turned out to be a disappointment for the Conservative Party.

Conservative Party support has consistently fallen off in each opinion poll compared to the previous approval ratings.

There are probably several explanations for these declining approval ratings. Apparently, many have come to the conclusion that a party which has been kept in opposition for 18 years cannot influence affairs. On the other hand, the party has also not been able -- except for a few temporary successes -- to create a picture of itself as a forceful and leading opposition party capable of influencing affairs.

Supporters have perhaps also been confused by the incomprehensible conduct of the party's parliamentary faction and its members in budget agreements concluded with the government, among other things. Also the party's facelessness has not increased its credibility. The parliamentary faction, which has been forcefully renewed in the elections, has somehow remained gray and flat to the general public.

The party has clearly lost its chance in the race for the position of the largest party, for which it still seemed to be struggling with the SDP in the last elections.

The Social Democratic Party cannot boast of great achievements either. Apparently, its position as the party running the government has, nevertheless,

created such a sense of security that the most recent poll promised the SDP even a greater degree of approval than in the March 1966 elections, which represented a turning point.

Center Party support, for its part, seems to have stabilized at the level characteristic of it throughout the 1970's.

In light of the M Information Center poll no significant movement in the direction of the SMP [Finnish Rural Party] and the Greens will occur in next fall's municipal elections. Support for the Greens is, indeed, perceptibly greater than in the last elections, but their approval rating has declined since the polls conducted last summer.

Also as far as the SMP is concerned, it can be concluded that the wave of approval is no longer rising. Its support is less than in the March elections, not to mention the predictions of a rosy future after those elections. The height of approval for the party can be placed at the time before the SMP's man had served 6 months in the Labor Ministry. No changes occurred at that time or have occurred since then in the number of unemployed in spite of the many promises. The fuss which was caused by the much publicized divorce of the party's other minister and the vacation of another to Hawaii has probably had only a partial effect on the interviews of this most recent poll.

At least in light of this last poll the municipal elections in the fall will not result in the landslide feared by the established parties in the direction of the SMP and the Greens. It is more likely that the rule regarding the impossibility of great changes in the support for the political parties, which has been discarded several times, could, however, be valid.

10576

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STALINIST-WING CP ORGAN DENOUNCES ATTACK BY SAARINEN

Helsinki TIEDONANTAJA in Finnish 21 Feb 84 p 3

[Text] Aarne Saarinen, the former chairman of the Finnish Communist Party, continues his series of amazing utterances. Most recently, in the KANSAN UUTISTEN VIIKKOLEHTI, he proposes the abolishment of the Communist Party.

"In my opinion, a common party could be created of the Finnish leftist forces, those to the left of the SDP [Finnish Social Democratic Party]," says Saarinen, who still functions as a member of the SKP [Finnish Communist Party] political committee.

Recently, there have been proposals in the KANSAN UUTISET and some other people's democratic papers to merge SKP with SKDL [Finnish People's Democratic League] under the disguise of "eliminating organizational duplication."

The most forceful spokesman for the "new organization" has been SKDL's chairman Kalevi Kivisto, who counts himself with the SKDL socialists. Saarinen is surprised that raising the issue of streamlining the organization of the people's democratic movement, eliminating processes that are duplicated or parallel, has raised such furor among the SKP."

With "furor" Saarinen probably refers to, among other things, the statement by SKP chairman Jouko Kajanoja published in YHTEISTYÖ, in which he criticized the attempt to merge SKP into SKDL.

There were proposals in the mid 60's also concerning the abolishment of SKP's independent activity, with the excuse of "eliminating organizational duplication." At that time, this type of suggestion was made, among others, by Arvo Aalto, regional secretary of the SKP Lapland region at the time.

The SKP Central Committee put a stop to attempts to merge the SKP with the SKDL in January 1967 by approving a resolution concerning communist involvement in the SKDL which particularly emphasized the necessity for an independent Marxist-Leninist party. The resolution is in force even today.

Representative Arvo Kemppainen, one of the top right-wingers of the SKDL, proposes in KALEVA, published in Oulu, that Secretary Arvo Aalto be elected SKP chairman to replace Jouko Kajanoja.

Kemppainen also throws out the name of the former transportation minister, that of Jarmo Wahlstrom, who was defeated in the March elections.

Kemppainen's choice for secretary is Aarno Aitamurto, chairman of Rakennusliitto [Construction League].

It is known that supporters of this line of thought have discussed solutions according to which Aalto would be elected SKP chairman and Wahlstrom secretary of the party. Aitamurto's name is being kept alive just to make sure that he will stay in the decision-making process as long as possible.

According to Kemppainen, Kajanoja is fit to lead the printing shop of YHTEISTYO, not the party.

It is typical that in the KALEVA interview Kemppainen does not say a word of the politics of the SKP and the people's democratic movement. He concentrates on internal SKP matters, particularly the personality game.

Kemppainen did take a stand regarding the press resolution, noting that nothing will come of it, "at least not on the basis it was arrived at in the September Central Committee meeting," says Kemppainen.

The SKP Central Committee meeting held in September decided to go in the direction of establishing the Communist Party's own daily. The right-wingers have been against this goal from the very beginning.

8200

CSO: 3617/106

EREL ASSESSES PRE-ELECTION POLITICAL POLLS

Istanbul MILLIYET in Turkish 29 Feb 84 p 6

[Commentary by Teoman Erel in the column "Telex": "The Polls Reflect Like A Mirror"]

[Text] The results of the public opinion poll published in HURRIYET's 26 February edition show the same general findings as the one PIAR did for MILLIYET.

At this point, the Motherland Party is first, the SODEP second and "undecided" third. The True Path [Correct Way] Party and the PP [Populist Party] are close together at fourth and fifth. Fifth [omitting undecided] is the NDP [Nationalist Democracy Party] and sixth the Prosperity Party.

Let's compare the results keeping in mind that the HURRIYET survey presented the situation as of the third week in February while the MILLIYET poll published yesterday was somewhat "fresher", reflecting preferences for 25 February.

	<u>MILLIYET (PIAR)</u>	<u>HURRIYET</u>
Motherland Party	34.6	35
SODEP	26	20.8
Undecided	13.5	13
True Way Party	11.4	9.3
Populist Party	9.0	11.6
Nationalist Democracy Party	3.3	3.6
Prosperity Party	2.2	0.5
Independent	-	1.2

What emerges from the chart comparing the two polls is that those party stalwarts who are angry with the polls are really angry with what is reflected. Those who have worked hard on the polls learning modern methods have brought our country to a new stage, to a stage where the importance of political prattle has fallen and the value of numbers and polls has risen. We congratulate them.

And now to the analysis.

The polls published in the two newspapers are in close agreement in fixing

voter preferences for the Motherland Party and the NDP. PIAR gives the Motherland Party 34.6 percent; HURRIYET 35 percent. In other words, the party in power has dropped about 10 percent compared with 6 November.

Both polls show the NDP, "the odds-on favorite of last summer" as having withered away to the same percentages (3.3 and 3.6 percent).

Differences between the two polls emerge in the placement of the True Path and Populist parties. According to PIAR, the TPP has surged ahead and the PP has fallen behind. But HURRIYET has the PP holding on to third. However, the explanation for this discrepancy lies in the progression on the charts of earlier PIAR polls. As of 15 February, the Populist Party was slightly ahead of the TPP. Later, the TPP with 10 percent passed the PP which had fallen to 9 percent. It is possible this situation will be reflected in later HURRIYET polling.

Both polls show that the SODEP has established itself as the party of the left and that the PP has lost more than half of its 6 November support.

However, these polls have given the most important signal regarding "the possibility of early elections."

In the PIAR poll, the current share for the parties that could not participate in the 6 November general elections has reached 39.6 percent. If you figure that a portion of the 13 percent undecided will go to the SODEP, the TPP and the Prosperity Party you can see that according to the PIAR poll, the parties which are not now in parliament will get 40 percent and there is a good chance of their attaining 45 to 50 percent.

In the HURRIYET poll, however, the current total for the three parties that were banned from the 6 November elections is a bit over 30 percent. The percentage of undecided in the HURRIYET poll, those who have not yet made up their minds is, at 18 percent, higher than the 13.5 percent in the PIAR survey. So, with this in mind, this survey also shows that the total for those banned from the elections on 6 November could surpass 40 percent.

Without more comment, let me quote what a Motherland Party leader said during a conversation:

"If the total for SODEP, the True Path Party and the Prosperity Party in the general provincial elections surpasses 40 percent and approaches 45 to 50 percent, then like it or not, we will be forced into early elections."

I will stop here for now and comment more on the topic in the future.

12260

CSO: 3554/173

PP'S CALP MOUNTS PRE-ELECTION BANDWAGON IN ANTALYA

Istanbul CUMHURİYET in Turkish 29 Feb 34 p 7

[Interview with Necdet Calp, Ankara Chairman of the Populist Party in Antalya by Hasan Uysal; date not specified]

[Text] Ankara Populist Party [PP] Chairman Necdet Calp, asserting he cannot accept the notion that the party has drifted to the right, told us "The irresponsible statements and actions of a few people cannot be used as an indicator."

PP Chairman Necdet Calp in a private interview with CUMHURİYET said that the amnesty expected from the TNA [Turkish National Assembly] will not be at the level desired. We asked Calp the following question:

"People within the party and especially an important segment of the M.P.'s are charging the party leadership with pulling the party to the right. Moreover they are criticizing these officials for heavy-handed tactics. What do you think about these accusations?"

Calp replied: "I know very well who is doing what in the party and who cannot do things. But in a brand new party it is very difficult to put together a staff and select individuals that satisfy people who have never before participated in politics. At the end of our general meeting, the party will place into power an administration that will be closer to what is desired. After the local elections for the General Assembly and before it actually convenes, an expanded charter member committee will meet. The committee will have added to it the M.P.'s selected in the elections and it will designate the party leadership that will go to the general assembly."

The PP chairman also gave his views on the amnesty question saying, "We, as a party, support the pardoning both of those poor souls who were sentenced for jails as well as of political prisoners. Our friends are continuing their work on this subject in the Assembly. I think that the three parties support the idea even if there are differences of opinion between one another. However, the amnesty will not emerge from the Assembly at the level desired and anticipated because both it is very early and the conditions are not right. A very close vote will determine how the amnesty will emerge in the end."

PP Party Chairman Calp, rejecting the idea that the party was sliding to the right said, "The irresponsible statements and actions of a few people cannot be used as an indicator." He continued as follows:

"Has our party leadership taken a position opposed to the party platform? The cornerstone of our party is etatism. We are etatists to the end. There has been no single party position that obscures this. We support free democracy. We always have stated that we support collective bargaining and free trade unionism. To the degree allowed by Assembly laws, we have carried out an intense struggle to put into practice the statements that we make and the speeches we give in the electoral campaigns. We openly assert that in the assemblies, there has been no social democratic party that has carried out the work and operated as the opposition as effectively as we have. In my view, here in Turkey there are still some people who think that we have the opportunities afforded by the 1960 Constitution."

12280

CSO: 3554/173

SEGRS SEES TOO LITTLE MOTIVATION IN ARMY

Brussels DE STANDARD in Dutch 28 Jan 84 p 2

[Text] In an interview with the Belga press association, Lieut Gen Jef Segers, recently appointed chief of staff of the armed forces, said that the motivation in the army leaves much to be desired. Segers blames the shortage of overall motivation on cuts in operations and training costs.

Segers thinks that now is the time to spend more money on operations and manpower. There is no magic formula to raise motivation quickly. It will require long-term effort, but with sufficient money the condition could be corrected.

The need to save on operation costs resulted from the pressure of government budgetary problems. To rescue the investing program, the money for operations was decreased. Segers agreed with this but he also said it does not make any sense to buy a new car when you do not even have enough to eat.

General Segers was until recently chief of staff for Central Europe in NATO. In this position he could observe the work of armies of other countries as well. In comparing them, he determined that the Belgian army is not doing so badly. In some areas the Belgians are excellent, in others their performance is questionable, says Segers.

Personnel

Concerning the personnel situation in the army, Segers says that there are enough young men who would be willing to serve in his army if conditions are fair. From the beginning there must be clear terms for the officers as well as for the volunteers. The general cannot stand in the middle of the army and ask if anyone wants to reenlist. The applicants would have to agree in the beginning to serve so many months under these well-defined terms. In this way the staff can assemble units that consist only of volunteers.

Segers asks: "Is there a business that can operate with personnel changes every 6 months?" He notes that this is now the case in the army at this time, and in Germany there are units with personnel changes every 6 months. Says Segers: "That is an enormous waste. It is impossible for us to entrust important assignments to people who serve only 6 months."

Segers cannot understand why the recruits have to serve their time as close to their home as possible. He says: "It is really strange that young people like to dream of travelling to Katmandu and other far-away places, but once they are in the service they want to be home with mother on Saturday night. The best service that we can offer to recruits is to see to it that they receive good training and that they learn their skills so that when the time comes they can take care of themselves."

Finally, Segers mentioned that the Belgian anti-aircraft defense installations should be modernized. For various reasons, this modernization was not carried out with the other countries when it should have been. The Belgian anti-aircraft defense is now behind in adopting the new procedures. Segers wishes to do something about this and thinks that the two Belgian Hawk units in NATO should be brought up to the level of the other allied units as soon as possible.

9992

CSO: 3614/47

DISASTROUS FALL HARVEST REDUCES FARM INCOME BY HALF

Copenhagen BERLINGSKE TIDENDE in Danish 8 Feb 84 p 9

[Article by Ib Christensen]

[Text] The profits of farmers dropped sharply in 1983, but the productivity of farms improved widely despite reduced livestock.

After the marked improvement in the profits of Danish farmers from the rock-bottom harvest year of 1981 to the record-high crops of 1982, the harvest of 1983 is now having its adverse effect on the financial situation of the individual farmers. Despite lower interest rates and declining costs, the failure of crops and stagnant prices have practically reduced the improved incomes of farmers from 1981-82 by 50 percent.

This appears from a preliminary report on the first 11 months of 1983 prepared by the National Association of Danish Farmers. The gross income of Danish farmers dropped from 97,600 kroner in the calendar year of 1982 to 76,800 kroner last year, and, according to the National Association of Danish Farmers, the downward trend will continue in 1984. By way of comparison, the income in 1981 was as low as 59,900 kroner.

This means a net loss of 20,000-25,000 kroner to 45,000-50,000 kroner on the work on the farm. To this must be added an income from jobs outside agriculture of 30,000 kroner and the income of the spouse which averages 25,000 kroner. This brings the amount of money available to agricultural families up to 102,000 kroner. The income of a skilled laborer was, by way of comparison, 146,800 kroner in the provinces.

While total consumer prices increased by 7 percent, retail prices of agricultural products increased by only 4.3 percent, while the farmers themselves gained least from the sale of their products, viz. 2.2 percent more in 1983 than the previous year.

Export Increased by 1.2 Billion Kroner

Danish agricultural exports increased in 1983 from 36.4 billion kroner to 37.6 billion kroner, which is equivalent to an increase of upwards of 3 percent. The increase of 1.2 billion kroner is equally distributed between an increase in the volume of agricultural products and an increase in prices.

Prices increased only by less than 2 percent and could thus not keep up with the increase in the minimum prices of the E.E.C. This is primarily due to the closure of Japanese and U.S. markets after the foot-and-mouth disease. It is a problem which the slaughterhouses now seem to solve by regaining their former market shares in the two countries at an unexpected fast rate.

Agriculture estimates that pork and canned meat exports increased in 1983 by 3 and 9 percent, respectively, whereas beef exports dropped by 6 percent. Butter and cheese exports increased by 4 and 3 percent, respectively. From a foreign exchange point of view, it is a question of quite good additional incomes.

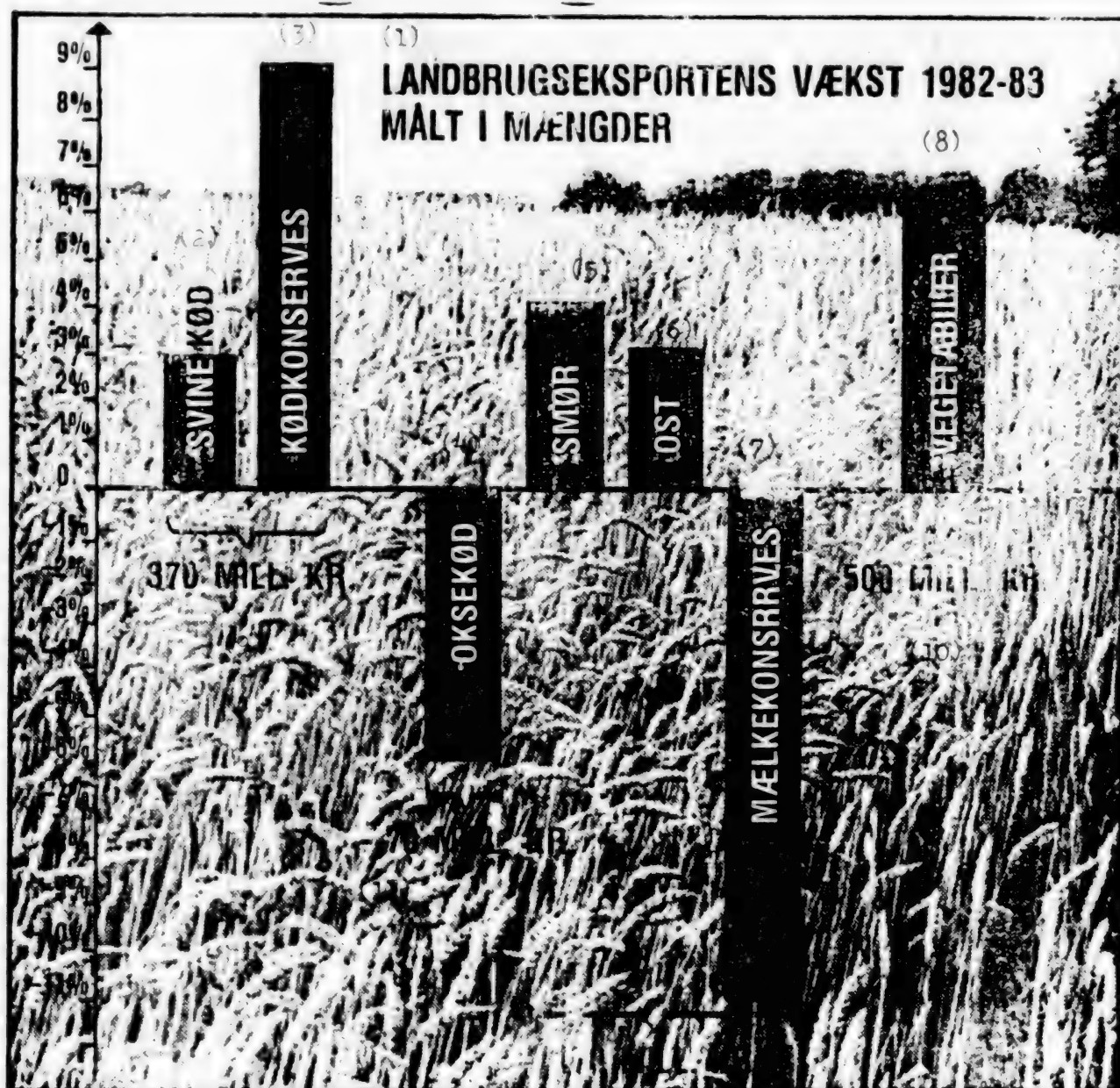
Dairy products account for additional foreign exchange earnings of 170 million kroner, pork and canned meat for an additional 370 million kroner, whereas beef has dropped by 70 million kroner. Exports of vegetable products have increased by 0.5 billion kroner, if sugar is included. Sales of furs to Japan, the United States and other chief markets increased by 120 million kroner.

Grain Imports Increased by 30 Percent

The foreign exchange earnings cancel out an increase in imports of feedstuffs, fertilizers, fuel and machinery of 1.2 billion kroner, equivalent to 13 percent. The poor harvest has resulted in an additional import of grain of 30 percent and of feedstuffs of 6 percent. Fertilizer imports have increased by 20 percent. To this come increases in the prices of these imports of between 6 and 9 percent.

The decline of 19.4 percent in the crop yields of the year, or 6.4 million tons, of which feedstuff crops accounted for 18 percent, has caused farmers to send 7 percent more cows and 1 percent more heifers to slaughterhouses to avoid purchases of expensive, imported feedstuffs. The total supplies available in the market increased by 4 percent. As a result of the low prices, consumers, at the same time, purchased 3 percent more beef and veal, 6 percent more pork and 5 percent more poultry than in 1982.

Production increased in 1983 despite drops in animal husbandry in nearly all areas. Milk production increased by 4 percent despite a drop of somewhat under 3 percent in the number of cows. Butter and cheese production increased by 8.6 and 2 percent, respectively. The production and consumption of liquid milk products remained largely unchanged, but there were large changes in the consumption of the various products. Cheese sales, however, dropped by an estimated 1 percent.



Key:

1. Increases in Agricultural Exports 1982-83, Measured in Terms of Volume
2. Pork
3. Canned meat
4. Beef
5. Butter
6. Cheese
7. Canned milk products
8. Vegetable products
9. 370 million kroner
10. 500 million kroner
11. 70 million kroner

283

020: 4/13/1

EC AGRICULTURAL POLICIES SEEN AS THREAT TO DANISH FARMERS

Copenhagen INFORMATION in Danish 17 Feb 84 p 4

[Commentary by John Iversen, Socialist People's Party's candidate in EC elections in 1984 for Socialist People's Party at Århus]

[Text] Actions on the part of French farmers are only the beginning.

When poverty comes in at the door, love flies out of the window. This is an old saying, and it fits the situation at the moment within the so-called "joint" agricultural policy of the EC quite well.

We used to regard the disputes between French and Italian farmers as some kind of curiosity in the general stream of news. However, after the taking of hostages by French farmers and their destruction of Danish (and British) pork, the disputes on the future of the EC joint agricultural policy have been brought home to us.

During the coming months when the agricultural prices for 1984-85 will have to be fixed, we shall certainly experience even more incidents of that nature. The background to this is the fact that there will be no room for price increases for agriculture within the narrow budgetary frameworks of the EC. We have already for some years seen the outlines of the new agricultural policy, but it is only now that the cloud before our eyes has been disbursed, and the crisis has become clearly defined: An increasing number of clashes among different groups of farmers in the different countries.

However, the disputes are not confined to disputes among the individual countries. A debate has been going on for a long time among the various interest groups within Danish agriculture between the Danish Smallholders' Associations and the Agricultural Council of Denmark. There are many reasons for this, but the primary reason is the development within agriculture which was started by the Danish membership in the EC. The specialization which has taken place has caused heavy problems for the many family holdings and has primarily benefitted the major farmers who have known how to specialize their production. The result is that the coming years will see an increasing number of vacant farms in the Danish landscape. A trend which has already been in progress for a long time will become reinforced, and large farms will become larger while small farms disappear.

The agricultural policy pursued by the EC will reinforce this development in the coming years, and one of the reasons is that it will be the small farms which will succumb to the declining prices within the EC. When milk prices drop for the farmer (the consumers do not feel it), this will affect the small producer the most, whereas the larger producers may far more easily adjust to it and expand their production.

The crisis in agriculture will spread in the course of the coming months because the agricultural policy of the EC will be blamed for the budgetary crisis which the EC is experiencing as a result of the fact that none of the member countries are prepared to increase their contributions to the EC funds.

The introduction of the new agricultural prices will, of course, mean that the agricultural prices for the coming year will be frozen, and that will give rise to new French protests. The prices of agricultural products will have to be adopted by 1 April, but there is not much to indicate that the French chairman in the Council of Ministers will be able to find a compromise by that time. The fact is that the French government is pressured hard internally by French farmers, and the government has proved very sensitive to actions on the part of French farmers. That is why the action against Danish drivers is not the last action we shall see if the proposal from the EC Commission, as expected, will mean that the prices of agricultural products will be frozen during the coming year. The crisis exists, and it is very difficult to see a solution anywhere. However, one thing is certain: the agricultural policy of the EC will be changed, and that will mean lower incomes for Danish farmers. And the differences among the various countries will also very soon appear among the conflicting interests existing within Danish agriculture.

7262

CSO: 3613/100

BRIEFS

EC AGRICULTURAL EXPORT AID--Last year, Danish agriculture received well over 3,359 million kroner in export subsidies from the agricultural fund of the EC, FEOGA, which is well over 319 million kroner or 10.5 percent more than the previous year, according to a report from the Danish Department of Statistics. The major reason for the increase is, however, that Denmark for the first time was paid so-called positive monetary equilization amounts in conjunction with an adjustment of the joint unit of account, the ecu, early in the year when the Danish krone was appreciated. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 10 Feb 84 Sect III p 2] 7262

CSO: 3613/100

GERMAN EXPORT EXHIBIT IN TOKYO OFF TO BAD START

Frankfurt/Main FRANKFURTER RUNDSCHAU in German 15 Feb 84 p 9

[Article by Peter Crome: "Performance Show Is Comedy of Errors"]

[Text] The "German Performance Exhibit" (from 23 April until 6 May) will not open its doors in Tokyo for more than 2 months--but the soothsayers are already predicting a gigantic flop. The most recent reports from Tokyo scared the Bonn sponsors of this undertaking which was designed as the biggest show of the West German industrial world: The Japanese co-sponsors reportedly were peeved by catastrophic organizational weaknesses.

Many German exhibitors intended to display only photographic material for cost reasons. Exhibit organizers preferred to go on vacation during critical preparation phases; posters showed the wrong telephone numbers--and those were only the minor criticisms. Here are the major ones: There were no eyecatchers for technologies of the future; military equipment (Tornado) would not be shown for political reasons; the powerful large-scale chemical industry supposedly confined itself to minibooths; and, of all things, JETRO (Japan External Trade Recovery Organization) reportedly got its own booth at the German exhibit. "There will probably be no German world premiere," commented a German embassy representative.

Originally, the German performance exhibit began with the idea that the much-mentioned Japanese challenge would at last have to be countered with something equivalent. During the current preparation stage of course it looks rather more like a comedy of errors. Because--and this is something which Bonn is not easily dissuaded from--something that was programmed here by the fair organizations AUMA [expansion unknown] (Cologne) and NOWEA [expansion unknown] (Duesseldorf), as a West German alternative for technological capacity, with the Federal Economy Ministry acting as project manager, is now supposed to surpass everything that has until now been offered in comparable terms: At a price tag of around DM150 million with additional advertising costs of DM3 million, almost 300 German industrial enterprises, on a surface area of 25,000 square meters of exhibit area of the Tokyo Harumi fairgrounds, will present their "Made in Germany yesterday--today--tomorrow" and will introduce the Japanese, who are technologically already geared for the future, to "German technologies of the 1990's." This

innovative move, which is designed to impress everyone, is framed by a cultural program which extends over the entire year and whose 57 different titles represent a select cross-section of the present-day German cultural scene. In short, "doitsuhaku," as the performance exhibit has been called in Japanese in the meantime, is supposed to open the eyes of the elite computer country in the Far East--and it is also supposed to open the Japanese market to the German suppliers.

The first mistake which the German planners made of course was this: They assumed that German industry was interested in this. When it was detected here that this did not involve a sales exhibit with fast profit but rather an idea with a long-term effect, industry drew back with a reference to the high exhibit booth costs. The American idea of "think big," which the Japanese long ago elevated to the status of a principle of their own and which a short time ago was recognized in Bonn as a German failure, is obviously still considered as a rather light-weight thing in the executive suites between Flensburg and Friedrichshafen. It was last but not least also the Japanese who were affected by the lack of interest on the part of German entrepreneurs; the Japanese had hoped to get some kind of signal from the exhibit with which it would be possible to counter the assertion as to the inadequacy of the Japanese market. In the end, even the Japanese ambassador in Bonn in person made the rounds of associations and entrepreneurs in order to advertise for the German exhibit. The turning point finally came when the Japanese foreign trade organization JETRO went to work and--along with considerable advertising costs of its own--promised to get potential customers interested in the exhibit in Harumi, through its regional branches throughout the land, as an incentive for the conclusion of business deals later on.

In the meantime, all booths on the Harumi grounds have been leased and there is even a small waiting list. AUMA proudly points out that, out of the seven leading industry branches (auto, machine-building and system construction, precision mechanics and optics, chemical industry, electrical and electronics industry, aviation and space, as well as consumer goods) all big names are represented. An exception of course is only Gutehoffnungshuette--which of course in the meantime would also love to come but has found that there is no room for it any longer. But that of course was not the end of the mistakes made in the project's organization. Strange fantasies on the German side from time to time went so far as to ask the emperor to sponsor the exhibit--a suggestion which bounced off the silently horrified tradition-conscious Palace Office. At this point, Prime Minister Yasuhiro Nakasone jumped into the breach, quite in keeping with the "Helmut-Yasu" axis which had been prepared very effectively in appetizing terms and which it was possible further to cement during the last visit by a chancellor to Japan. Nakasone established a separate staff of advisors for the project and the Japanese--more and more enthusiastically geared toward the performance exhibit as a symbolic incentive for their lagging imports--now wanted to know: What kind of exhibit items will be displayed at the German performance show? What kind of tidbits might be used in persuading a possible customer from Fukoka and Sapporo to come to Harumi? To their astonishment, they did not receive any answer to this question. The German organizers themselves

did not know the answer and shone by virtue of their weak coordination. To be sure, NOWEA has for the past half year been keeping a special case worker at the German Chamber of Industry and Commerce in Tokyo; but he himself to this very day has no idea what might be seen at the German performance exhibit 10 weeks from now. The Japanese--trained in leaving nothing to accident--are miffed.

This means that a drama of misunderstandings has now come to a head; an AUMA spokesman in Cologne analyzed it as "differences in mentality between German and Japanese thinking." The Japanese supposedly are accustomed to close cooperation between the government and private industry and national projects, such as this one, in Japan are subjected to a general, through-going consensus. In the FRG however official and private cooperation does not by any means imply that everyone must put all his cards on the table. There is no industrial exhibit--not even hereabouts--at which the exhibitors are accustomed already months in advance to reveal their display items--for reasons of competition and to achieve a maximum effect.

German exhibitors were rubbed the wrong way by Japanese urgings which were passed on to the Rhine by various German interested parties in Tokyo--on occasion with a rather indulgent air. An AUMA spokesman quoted the "representative of a leading electrical concern": "Tell the Japanese that they are not going to pick our brains in advance." After all, this was a German exhibit and it would be carried out in the German way. A spokesman at the BDI [Federation of German Industries] of course did admit that he could not understand why the Japanese were not at least shown a list of exhibitor names with a general description of exhibit items. This is all the more incomprehensible since a corresponding questionnaire project had already been started prior to Christmas.

Another criticism raised by the Germans in Tokyo boils down to this: An advertising budget of DM3 million is ridiculously low for Japanese conditions and creates the danger that the desired multiplication effect would not materialize. In this connection the BDI declared that no comparably large funds have so far been made available for any German industrial exhibit according to the motto: Even if it is not enough, it was at least much. There was also bad blood during the German-Japanese deadline discussion for the actual buildup of the exhibit. The Japanese reacted rather haughtily when they heard the German time frame suggestions and they made mention of the diligence of the Japanese workers. It is true that Japanese exhibits are designed in such a simple, undemanding fashion that one requires only little time to set them up.

The dispute about efforts to move German-Japanese trade relations to new shores pointing to the future shows at least one thing and that is that great events also cast big shadows. Because nobody wants to reveal what the private exhibitors are thinking of showing, one must stick to the public institutions: The Federal Research Ministry is coming out with a life-size, detailed model of the Spacelab space station; it shows a 4-meter model of the magnetic railroad and there are also exhibit items involving fast breeders and waste removal systems--not that these items are technological

virgin territory for Japan. Under the slogan "Technology 2000" one can detect a possible lead by Japan above all where joint European projects are exhibited from CERN and ESA. A special show entitled "living and dwelling," displays the German's biggest comfort: His apartment, with everything that the Japanese tenant living in the well-known "rabbitt-warren housing units"--as an EC official once upon a time described the still rather limited quality of Japanese housing--may consider to be copyable (and importable).

There are daily fashion shows, inspired, among others, by the director of the Cologne men's fashion institute Piedboef, and there are numerous special symposiums in addition to 35 different "company conferences"; of course, in the case of the former, at least 1,000 different Japanese specialists are invited in each case and they are supposed to help spread the tale of German thinking and production in a desired multiplicatory manner. "Auto 2000" will be shown and of course there is also the obligatorily futuristically designed workshop concept of Expo-veteran Lippsmeier. Last but not least there are prominent personalities: The federal economy minister will open the exhibit; the state prime ministers Rau and Spaeth will come; and one thing that will interest the Japanese visitors most of all in spite of everything is the huge layout of a Maerklin [modell] railroad: Fun and games for a nation which is known for its love of railroading.

All of this--apart from the big personalities--can be sold as an idea and as a facility at a later date. But the cultural program which constitutes the framework and which was assembled by Goethe Institute Director K. P. Roos, is an achievement which, under certain circumstances, has an even more lasting psychological effect on the Japanese public which is particularly receptive to this sort of thing. Financial assistance from numerous Japanese sponsors makes the "German Festival Japan '84" the "most comprehensive German cultural presentation ever seen in Japan."

All in all, there is hardly any doubt as to the success of the German performance exhibit. Why--one must of course ask--was it scheduled of all things during the so-called "Golden Week?" This is the time during which, along with the emperor's birthday on 29 April, a series of holidays comes in such rapid succession that everybody goes on vacation and will hardly have any desire to go to Harumi in the Tokyo harbor district.

5058

CSO: 3620/206

WARNING STRIKES LOOM OVER WORKWEEK ISSUE

Metalworkers Union Mobilizes

Hamburg DER SPIEGEL in German 5 Mar 84 pp 28, 30

[Article: "35-Hour Week--Using Rock for Publicity"]

[Text] The hot phase in the conflict over a shorter workweek has started. A strike seems unavoidable.

In early April, with plenty of sun, perhaps even sooner, employees in the Frankfurt IG Metall headquarters will experience a pleasant surprise.

In the flower beds in front of the administration building on Wilhelm Leuschner Street tulips and crocuses will spring up. The plants are so arranged that they will blossom into the number 35: the workers' goal in the battle for shorter workweeks.

The floral advertisement is one of the nicer actions in the IG Metall repertoire. That the workers are not going to confine themselves to such agreeable gags and that in the struggle for the 35-hour week they are going to use every weapon was made clear by them last week after expiration of the truce.

In the Ruhr where metals industrialists and union members met for a new round of negotiations metalworkers stopped work and paraded in a protest march in front of the negotiation site in Gelsenkirchen. With mottoed banners and massed voices they demanded that the employers give up resistance to the 35-hour week.

In Hamburg where employers and union were also meeting metalworkers drove an automobile convoy to the negotiation site and crashed the round of conversations.

In these times superlatives are not used sparingly. "In 1984," wrote IG Metall chief Hans Mayr to his coworkers, "we shall apparently have to withstand the heaviest wage battle since 1945."

That may indeed be the case. Probably never before since the reemergence of Germany have the wage parties been so irreconcilable. Nor has the issue ever been of such fundamental importance.

In dispute is not only the question of whether the Germans shall work a couple of hours less. There is also in dispute the future of industrial society in the FRG--namely whether the citizens are prepared to distribute the diminishing supply of income-earning work over more heads; or whether they will continue to place their bets on unrestrained industrial growth.

The trade unions hesitated a long time before deciding to fight for the 35-hour week. It is only now in the 9th year of unemployment for millions that they see in shorter work times "the decisive formula for taking the jobless in off the street" (DGB [Association of German Trade Unions] chief Ernst Breit).

What has occurred up to now have been only preliminary skirmishes. The fight is not expected to really heat up until after the end of the carnival days. Starting with Ash Wednesday IG Metall intends to cover the whole republic with a series of warning strikes.

And not only that: in addition to the short strikes widespread over the FRG a variety of actions are to be started. In an action entitled "Entrepreneurs on the Test Stand," for example, the IG Metall shop deputies will demonstrate using their plant as a paradigm that the early retirement regulation offered by the metals industrialists does not create as many jobs as would the 35-hour week.

The action called "Now You Would Be Knocking Off" is intended to help convince the workers of the advantages for them of shorter work times. One hour before shift end the shop deputies of the IG Metall union will bring the attention of their colleagues in the factories to the fact that with a 35-hour week they would already have knocked off. The IG Metall union headquarters recommends that this announcement might be best disseminated by means of ringing alarm clocks.

Besides the PR rumble in the factories the union is planning a public program of activities. Thus the metalworkers will advertise their goals both at the International Women's Day on Thursday of this week and also at the Easter marches of the peace movement. Not only pop concerts will provide publicity but also appeals by prominent artists, physicians and politicians.

The campaigns have a double purpose. On the one hand they are intended to put pressure on the metals industrialists. On the other hand they serve to mobilize in the factories the basis for the union demand.

This is necessary because up until now the leaders of the union have still had little backing up for their demand. At a meeting of wage experts from IG Metall union precincts the functionaries drew a sobering balance: only a minority of the membership, according to a survey, supported the union demand.

This is confirmed by opinion polls. In any case a third of the workers, according to the weekly questionnaires of the Emmid Institute, approve of the 35-hour week.

Their reserve respecting the IG Metall union demand is not to be wondered at: many employees fear that less work means in the end less money. For a long time now the union argument that work time reduction helps create new jobs and secure the old jobs has not convinced everyone. In addition, for months now a huge coalition of government people, entrepreneurs and conservative professors of economics have been hammering it into the Germans that the 35-hour week is a wrong path, that it imperils the competitive position of German industry and produces more rather than fewer unemployed.

Moreover, the metals employers have put forward an effective strategy. Instead of stubbornly rejecting every form of work time reduction the Gesamtmetall manager Dieter Kirchner opposes the union demand with an attractive counteroffer. As early as the latter part of last year Kirchner offered to enter into negotiations with the IG Metall union over the early retirement regulation proposed by Labor Minister Norbert Blum and also negotiations over flexible work times.

In response the IG Metall union stuck to the 35-hour week. Neither did they make it clear to the general public whether this is a maximum demand which is not to be realized at one blow. Nor did they make clear that the metalworkers want to give up a part of their wage increase in exchange for shorter working times.

Up until now the trade union functionaries have been propagandizing the easily misunderstood formula of full wage compensation. Thereby they awaken the impression that the IG Metall union is not in the least concerned about the wage costs which by simple arithmetic would have to rise at least 14.3 percent if there were 5 hours fewer work in the week with the same payment as hitherto.

While the unions are still indefatigably drumming for 5 hours fewer and the entrepreneurs are unshakably defending the 40-hour week there has already been discernible a compromise line in many factories. Under this arrangement the work time would be somewhat reduced; at the same time the plants would obtain an opportunity to let their machines run longer and thus lower capital costs.

In the Fulda rubber factories the managers came to an agreement with the IG Chemical union that the operating time of the firm should be lengthened by about 10 percent. The personal working time of the employees is now reduced from 40 to 38.5 hours with full wage compensation. For the additional production time 150 people are being newly employed.

Employers and union members noted carefully proposals by the Munich BMW plants. The Bavarian automakers would be glad to lengthen the daily shift time and also want to let the assembly line run on Saturdays. In place of running twice for 8 hours on 5 weekdays in the future there will be two 9-hour shifts on 6 days.

This solution would bring advantages to all sides. The assembly lines would be better utilized by 35 percent because the operating time would be

lengthened from 80 to 108 hours per week. The employees would have to work only 36 hours instead of the previous 40 because the firm would have to introduce a third shift in order to have 108 hours of operation. Thus again new jobs would be created.

It is still too early for compromises of this type. The Gesamtmetall Association of Employers and the labor union have dug themselves in so deeply that probably only a labor battle can loosen the fronts. Before the end of this month the Metall people will probably declare that the negotiations have broken down. Subsequently the employers will probably offer a compromise. Only after that may the IG Metall union summon its members to their first plebiscite.

The latter would have to take place either before Easter or in the week after Easter so as to precede the beginning of a strike envisaged by the IG Metall union--on 1 May punctually coinciding with the battle day of the working class.

Interview With Metalworkers' Steinkuehler

Hamburg DER SPIEGEL in German 5 Mar 84 p 29

[Interview with Franz Steinkuehler, IG Metall union vice chief, by SPIEGEL: "We Are Looking for a Solution in Negotiations"; date and place not specified]

[Text] SPIEGEL: Herr Steinkuehler, why is the IG Metall union having such big problems in mobilizing their members for the fight for the 35-hour week?

Steinkuehler: There always were problems. It's true that this time there are more than usual. The reason for this is that the high rate of unemployment is hitting people's emotions. Besides, we are fighting a powerful coalition between capital and the cabinet....

SPIEGEL: ... Are you referring to Chancellor Kohl who thinks that your demand is absurd and stupid?

Steinkuehler: Yes; besides, our demand requires a very highly differentiated type of debate, more so than ever before.

SPIEGEL: Up to now neither side has moved in the wage negotiations. So when is something going to happen?

Steinkuehler: The negotiations have accomplished nothing, absolutely nothing. For a while we shall still exhaust every conceivable possibility in the negotiations to achieve a compromise. Certainly we can move the employers only if we can convince them of our fighting strength. We shall have to prove that we are able and ready to fight. But I repeat: we are looking for a solution at the negotiating table.

At all the gatherings I visit--and every night throughout the whole of West Germany I visit a new one--the mood is the same. The halls are full to the doors and the mood is very striking. If that were a reliable indicator we wouldn't have to have any worries at all about our fighting strength.

SPIEGEL: Doesn't it really bother you that many of your union members are impressed by the arguments of the employers and of the scientists to the effect that the 35-hour week would choke off the business boom?

Steinkuehler: I can tell you with certainty that the scientists do not have any great weight among the members. But naturally: in the face of a dispute like this--and here now we are dealing with something other than a simple round of wage talks; we are dealing with a demand having social-political dimensions--then probably any union member would be out of order if he didn't worry about such things.

SPIEGEL: The truce has now expired; are you now going to apply more pressure?

Steinkuehler: Yes, in the coming weeks there will be warning strikes.

SPIEGEL: The last negotiations are scheduled for March. Will there be real strikes right after that?

Steinkuehler: There may still be negotiations in April. One thing is sure, it cannot go on this way forever. Negotiations become senseless when the employers stick to the position that 4 weeks of strike are better than 1 minute of reduced work time. A compromise is worthwhile only when the employers are ready for compromise.

SPIEGEL: And doesn't the same thing apply to the metalworkers, too?

Steinkuehler: If we were not ready for compromise we certainly wouldn't negotiate, instead we'd write the employers a letter and threaten a strike. Our demand is called the 35-hour week, but this doesn't mean that we wouldn't be able to agree to a 35.5-hour week. I can imagine a whole series of possible solutions.

SPIEGEL: What would they be?

Steinkuehler: That is a matter of negotiation. Only this presupposes that the employers are ready to conduct purposeful conversations.

SPIEGEL: The 40-hour week must in any case go?

Steinkuehler: Yes, on that we won't yield.

SPIEGEL: Does that mean that your readiness to compromise begins at any reduction below 40 hours?

Steinkuehler: I won't tell you that right now. That will come out at the negotiating table.

SPIEGEL: Are you willing to talk about wage compensation?

Steinkuehler: We are talking about metalworkers receiving 1,740 marks net who have 3 years of real wage losses behind them. Further wage sacrifice is impossible.

SPIEGEL: Discussion of more flexible work times is not taboo?

Steinkuehler: No, absolutely not, we already have flexible work times: overtime, short hours, sliding work times, also Saturday work--all of these never were and are not now taboo. All these things can be discussed, too, but first the taboo of the 40-hour week must fall.

SPIEGEL: That sounds as though you were moving over toward the employers. So don't you believe that in the end a strike will be superfluous?

Steinkuehler: As the negotiations continue to lengthen I estimate that the chances of avoiding a strike are steadily dropping. For the employers our demand for a shortening of working hours is obviously only a vehicle aimed at reaching a general conflict in order to put us finally on ice--to neutralize us. The 35-hour week is only a pretext. They want toothless trade unions so that then they can advance their interests without hindrance.

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INVESTMENT LAGS DESPITE PROFITS, STABLE WAGES

Hamburg DIE ZEIT in German 17 Mar 84 p 28

[Article by Wolfgang Gehrman: "Profits But No Moxie"]

[Text] Money is no object. Because Siemens' coffers are filled with no less than DM 16.5 billion, the management of the Munich electric conglomerate has of late been the subject of ridicule. They are running a major banking institution, it is said, with a small electrical division on the side.

The work force of this second largest German industrial firm does not think it all that funny. In spite of its wealth, the firm has been providing jobs for less and less people. Since 1980, the number of employees has declined by 30,000.

The management of the New York-Hamburg Rubber Goods Co would love to be as solvent as Siemens. But last year the firm had so little money that management was forced to borrow from its own staff. For the past 3 years, the firm's 560 employees—from the doorman on up to the chief executive officer—have been plowing back 4.5 percent of their wages and salaries into the business.

The DM 1 million saved in this manner every year helps finance some DM 2 million in annual investments which are used to buy new machinery to turn out new products. But that does not make for more jobs either. In 1983, the firm dropped 80 employees from the payroll.

There is one thing the wealthy Munich conglomerate and the needy Hamburg firm have in common. They are giving the lie—each in their own way—to the current wisdom that the best antidote to high unemployment is lower wages and higher business profits. Reduced personnel costs and higher earnings, so the argument runs, trigger greater investment. New machines and facilities are supposed to create new jobs.

Not surprisingly, this point of view is popular above all in the front offices of industry. In an interview with DPA, Otto Esser, the head of the employers association, had this to say with regard to last year's wage negotiations. "In 1983, we need to stay below the 1982 wage levels in order to reduce business operating costs and strengthen earnings and investments.

We must try to reduce the excessive cost burden on business and to strengthen business investment which was curtailed over the past few years because of heavy profit losses."

Esser's sobering words made an impact. Stunned by rising unemployment, the unions agreed to minor wage increases. Gross wages and salaries last year rose by only 1.5 percent. After adjustment for the 3 percent inflation rate, employee purchasing power in real terms declined as compared to 1982. But business earnings rose by 12 percent—and net profits after tax deductions and social insurance contributions were even greater.

The victory of the haves in the redistribution contest was anything but a fluke. Since the late seventies, businessmen and shareholders have consistently done better than the work force. It was only in 1980 and 1981, when business profits were dramatically lower, that salaries and wages grew faster for a time than business income and capital gains.

A set of figures prepared by the DGB shows just how much of a golden age the past 10 years have been for capital. According to these statistics, private net profits in 1983 were 30 percent higher than in 1975. Net wages in real terms rose by only 3 percent during that same time period. But what the DGB fails to mention is that labor was the runaway winner in the redistribution derby until the mid-seventies.

The fact that things have turned around to the advantage of business is partially attributable to relatively lower taxes on gross profits. Whereas the tax in 1976 stood at 20 percent, it dropped to 17 percent in 1982. But wages were subjected to increasing taxes and social contributions. These stood at 27 percent in 1976 but by 1982 had already climbed to 31 percent.

Essentially, business would only be justified in complaining, if their employees had begun to work less in response to meager wage increases. But quite the contrary has happened. Thanks to more efficient management, productivity—or output per employee—has been consistently rising at a faster rate than labor costs.

To be sure, there are general complaints about the constant rise in per item wage costs; but that can only apply, if, as is customary, nominal developments in wage costs are related to output in real or adjusted-for-inflation terms. A really fair calculation, the DGB holds, would also call for reducing wage costs by the rate of price increases, since rising prices, after all, translate into higher profits for business. But since 1975, per item wage costs have actually declined by 6 percent in real terms. As for the cost burden on business, what counts is the amount of gross wages paid to the employees. And if business tries to make up for higher costs by charging higher prices, competitiveness may suffer in the process and that, in turn, can cost jobs.

Labor comes cheaper now and for years, business has been able to turn income distribution to its advantage. According to Otto Esser's brand of economics, this should have produced a favorable climate for investment. But that is not happening at all; the investment rate keeps on declining. By last year, it had dropped down to 30 percent. More and more both industry and small processors in particular have been holding back on construction of new plants and the purchase of new machinery. Many major industries list smaller amounts under "additions to physical plant" than under tax writeoffs.

The upshot is that the capital equipment of the economic miracle industry of yesteryear is antiquated. In 1960, a mere 13 percent of all production facilities were older than 10 years; but by last year, that figure had climbed to 33 percent. Only 36 percent of all capital equipment today is less than 5 years old; but in 1960, that figure stood at 56 percent.

The deadly thing about this is that it is a reflection of the lack of fitness for the future of German industry. Accordingly, the just published report by the Kiel Institute for World Commerce on economic structure reaches the following conclusions: "The key to mastering the growth and employment problems facing us is a substantial rise in capital formation. Long-term profitable jobs will be created only with the help of productive investments which lead to new production processes and new products and open up new markets."

The Kiel economic experts do not believe there is any reason to fear that increased investments will lead to further rationalization and thus to virtually no new jobs. In those branches of industry which have made greater investments; which have raised production appreciably and where the use of microelectronics has progressed farthest, the unemployment quotas are comparatively low, they say—and the experts of the German Institute for Economic Research in Berlin agree with this finding.

For this reason, the Kiel economists feel that the modernization of our industry has not progressed far enough. Aside from the lack of courage of many businessmen, they blame high wage costs for the situation—just as Otto Esser does. But the proof they offer is weak.

"A lasting adjustment in favor of business profits which might have strengthened the readiness to invest has not taken place," they say. "On the contrary, the downward trend which seemed to have been halted between 1976 and 1979 has continued."

In this particular instance, the Kiel team was not really on top of things. They came up with their findings—as the author, Klaus-Dieter Schmidt admits—under the impact of the events of 1980 and 1981 which was when the distribution ratios shifted temporarily to the disadvantage of business. But the experts did not take into account the dramatic shift in business' favor which occurred in 1982 and 1983.

Their argument for the investment-impeding impact of high wages is that there is a statistical correlation between high wages, low profits and declining employment after an interval of one year. But capital earnings were never really all that low. Even in the recession year of 1982, physical plant earnings in German industry still stood at 17 percent according to the Berlin Institute for Economic Research.

The idea that moderate wage increases tend to stimulate investment may look good on paper; but in the real world wage costs are only one of the factors which affect investment decisions. Proof of this is provided by the very branch of industry which would be the perfect theoretical example of the marvelous theory based on low wages and high investments: the automobile industry.

The auto industry is indeed the only sector where an era of comparatively moderate wages was used for making huge investments and even increasing the labor force. Since 1981, the auto industry has invested between DM 8 and DM 10 billion annually in new plant equipment and production. In the mid-seventies, investments amounted to just about DM 3 billion annually. Since 1978, 20,000 new jobs have been created in the auto industry.

But these investments were not due to the truly moderate wage increases but to customer demand for new economy automobiles. Another equally important factor was that robotics was making new production processes possible which called for investments, if the industry wished to retain its competitive edge.

In no other sector of industry may a like demand for new products or the introduction of revolutionary technology be expected in the foreseeable future. German industry is not holding back on investments for lack of funds but simply because it does not know what to invest in.

There are some weak signs of new life in the investment climate only as far as small and medium-sized firms are concerned. The Credit Institute for Reconstruction which provides financing at favorable rates to medium-sized business reports that small enterprises have been asking for more investment credits during the course of 1983.

But even Munich's Ifo Institute, which has fairly close ties to business, tends to doubt that the investment revival in the medium-sized sector is due to the drop in wages. "If you base a whole strategy on low wages," one Ifo expert says, "then every antiquated structure can live off these wages." In other words, one cannot really claim that the call for cheaper labor has anything like a future-oriented ring to it.

Over the past 20 years, the industry average of the adjusted wage rate (being the ratio between gross earnings per employee and net profits per employee) has remained virtually constant. Rising wages have been offset

by increased productivity. Divided up into separate sectors of industry, the picture is somewhat different. In the service industry, for example, productivity rose faster than real wages. Simultaneously, employment in this sector registered a marked increase. The picture is quite different in the processing sector where unemployment continues to rise. In this sector, the wage rate has climbed substantially because productivity rose at a slower pace than wage levels. Over the past 2 years which are not yet included in the table below, these trends have probably intensified. But industry-wide, the wage rate is likely to have declined during 1982 and 1983.

Percentages of Wage Rate Trends by Sectors of the Economy

	1963	1967	1972	1975	1981
Energy, Water Supply, Mining	64.5	62.4	69.0	70.0	73.7
Processing Industry	76.6	76.4	80.3	84.7	88.7
Construction Industry	72.6	76.2	79.5	88.6	78.6
Commerce	72.0	75.5	78.6	84.5	81.5
Transportation, Communications	79.7	81.0	81.0	84.3	84.3
Banks, Insurance Companies	62.0	61.5	61.8	59.3	54.1
Other Services	45.7	39.6	36.6	36.1	36.5
Industry Total	76.0	74.9	75.7	78.0	76.5

Sources: FRG Bureau of Statistics; statistical calculations of the Kiel Research Institute

9478

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FOREIGN MINISTRY ANNOUNCES NEW AID FOR VIETNAM SHIPYARD

Helsinki HELSINGIN SANOMAT in Finnish 23 Feb 84 p 8

[Text] The Foreign Ministry appropriated six million marks for the Vietnamese Pha Rung shipyard construction costs on Wednesday. Finland should give the shipyard an additional 3.7 million marks as the Vietnamese have not been able to meet their own obligations. The cabinet finance committee, however, was not yet willing to grant the requested 3.7 million marks.

The shipyard, built with the support of Finnish development aid, is costing close to 190 million marks, according to the current estimates. After many complications, the shipyard has been completed, and it should be operational. Delays in starting production have been caused by the inability of the Vietnamese to provide the shipyard offices with storage shelves, electrical equipment and LVI [Heating-Water-Air-conditioning] equipment. Money for these purposes is requested from Finland.

The Foreign Ministry was able to give only the six million marks promised last year. The decision concerning other funds will be made later.

Foreign Minister Paavo Vayrynen is leaving in March to visit Vietnam. In connection with this trip he will have an opportunity to take a look at the shipyard that has swallowed millions of Finnish marks.

On Wednesday, the Foreign Ministry granted emergency humanitarian aid for several purposes. For the purpose of providing powdered milk to Cambodia 1.7 million marks were granted, and the Finnish Red Cross was granted 300,000 marks to cover expenses of the surgical group working in the border camps of Cambodia and Thailand.

Eight hundred thousand marks will provide blood to Lebanon; the Red Cross also received money to assist Polisario refugee camps and for the Mozambique aid program. The United Nations refugee program received one million marks and the World Council of the Aboriginal Peoples received 40,000 marks.

EFFECTS OF PRICE, WAGE CONTROL ON CONSUMER BUYING POWER

Response to Wage Deindexing

Paris LE NOUVEL ECONOMISTE in French 6 Feb 84 pp 34-39

[Article by Henri Gibier and Jean-Pierre Robin: "Purchasing Power: To Each His Truth"]

[Text] In Henri Krasucki's hierarchy of values, maintaining purchasing power ranks first. As it does in Pierre Mauroy's scale of risks.

Henri Krasucki is no longer treating his favorite socialist carefully. On Sunday at the press club he opposed all of Pierre Mauroy's social projects, with by way of warning a long statement worthy of an outright opponent. The leader of the CGT warned of danger and drew attention to specific points--first of all, the declining purchasing power and then jobs which are being eliminated. This is a hierarchy of values which, for the government, is also a scale of risks.

Assured that they will not lose their jobs, 4.5 million civil servants have been fighting about purchasing power for 20 days. The most determined combatants of Delors' "deindexing," their sights set on prices and supported by their compensatory clauses, they probably worry Mauroy more than the laid off workers at Talbot or the unemployed at La Seyne. Despite boisterous appearances, Therese Hirszberg, the chilly counselor to the CGT civil servants, will have more of an impact on the future of those in power than Nora Trehel, the passionate lawyer of the pariahs from Poissy.

Rarely shouted aloud but often whispered, the scenario at Matignon can be summed up in a few words: "It works or it's all over." When Anicet Le Pors, secretary of state for civil service, sat down last 20 January for the first time this year face to face with the five unions of civil servants, his moneybag must have seemed very light. The restraints set by the budget of his colleague Jacques Delors forced him to arrive emptyhanded. Happily for Le Pors, the negotiators, tangled in the subtleties and technicality of the matter, were not too fed up with this first session to agree on terms.

Although the estimated change in public remuneration for 1984 should be calibrated to a price increase of 6.1 percent on the average, or 5 percent as a yearly differential (the differential is the most visible--the December paycheck compared to the one from the year before), simply extending to a full year the salary increases made at the end of 1983 will automatically result in an increase of 6.17 percent in aggregate wages of state employees. And in addition to the bad impact of the "carry forward effect" there is the lack of compensation from the saving clause--by sticking to the letter of the 1982 agreement, the difference between the average change in prices in 1983 and the change in aggregate wages leaves a difference of only 0.38 percent, to the detriment of wages. As Andre Bergeron would say, here again there is very little "grain to grind."

The union necessity, therefore, is to escape from the "average" calculation. "What is involved," explained Hirszberg, who is deaf to the subtleties of her fellow minister, "is a decline in purchasing power of 2 percent as a yearly differential." As a warning, her union, the second most influential in the civil service after the FEN [National Education Federation], initiated a "week of action" between 23 and 27 January. Even Jacques Pommateau, the wise leader of the teachers and good student of the unions, has been brandishing the threat of a "general strike." The bureaucrats have an advantage over private employees in that they have nothing to lose if they choose to fight.

It is an old story but with new equations which affect employees. "Even in 1980, the only year during the previous president's term when purchasing power declined, salary increases were still negotiated," stated Raymond Soubie, former consultant for social issues to Raymond Barre. During the worst year of the Barre plan the average annual per capita salary increased by 14.5 percent, one point more than the inflation rate. In 1983 it leveled out at 9.5 percent, like prices. For 1984 INSEE [National Institute of Statistics and Economic Studies] predicts 5.7 percent, a notch below prices. "Four years ago farmers alone caused the average to decline," analyzed Marguerite Perrot, specialist in revenue for INSEE. "In 1984 for the first time salaried employees are liable to participate in the decline." Until now in the private sector they did not do so graciously but neither did they complain too loudly. The UIMM [Union of Metal and Mining Industries], the union leader in salary negotiations in the metallurgy field, recommended to its members a maximum of 5 percent "as a yearly differential" for 1984, with at most 2.25 percent in the first quarter. The Union of Chemical Industries, which itself has no illusions about the possibility of rallying any union to its cause, is recommending two increases of 2.5 percent on 1 March and 1 September on the minimum salaries, but only "a total percentage of 3.5 percent" on real salaries. "Employers are sticking to a restrictive interpretation of the government instructions and are extending the deadlines as much as possible," protested Leon Paluskiewicz, secretary of the FO's construction union.

The only national negotiation in this sector, which pertains to remuneration for managers, was rapidly cut short because of the employers' proposals: 5 percent for the minimum salaries, of which 2 percent would be given on 1 July and 3 percent on 1 January 1985. One must be very aware of his economic

responsibility to sign agreements similar to the ones ratified by the property managers (3 percent as a yearly differential for the minimum salaries) or lawyers' offices (4 percent, granted in two increments). The only somewhat pleasing exceptions were the baking trade, which as of 1 January granted 5 percent all at once to its employees, and the jewelers, able to give in princely fashion 4.3 percent on 1 December 1983 and 1.5 percent next 1 March. Those that did better are not talking. "Mushroom growers in Maine-et-Loire made out rather well, but don't mention it, they are afraid of publicity," confided a union member in the agricultural sector.

The CNPF [National Council of French Employers] and the government agree that the potential fuse will be found somewhere in the wide domain of the public sector. Unsure of the combativeness of their troops, the various union confederations devote themselves without letup to finding it. The 300,000 bankers--all union preferences combined--will strike for 24 hours Friday to denounce "the repeated attacks against the purchasing power of personnel." At the RATP [Independent Parisian Transport System], which has been burned by two consecutive failures, the CGT is consulting with staff before deciding what type of action to take 9 February. It could receive reinforcement from the five other unions in the RATP which on 7 February are to determine "what joint, useful action could be taken." Mauroy is on the front line everywhere, with the obligatory and obsessive reference to the promises of the protocol agreement for the civil service which, despite 1 year of comments, is far from being interpreted similarly by interested parties.

The origin for the current disturbances is the wage and price freeze of June 1982. At the time, France had posted an inflation rate of 14 percent for the previous 12 months, compared to barely 5 percent in West Germany. The prime minister, disregarding the reticence on the Rue de Rivoli, decided in favor of shock treatment. For the first time during the Fifth Republic, the freeze was extended to salaries, an innovation which elicited grumbling from the unions but did not cause a revolt among the 17 million French employees. In the short term it did lead to some success--the inflation differential with Germany was reduced by half, going from 9 to 5 percent.

Many feared that this was a Pyrrhic victory, with the most difficult yet to come. How could a 3-month wage and price freeze be ended without there being marked increases in both wages and prices? The tested machinery of price controls was unearthed for the occasion and moderation agreements, which had disappeared since 1978, flowered again.

As for salaries, the old method of goal-target-ceiling was resurrected. For 1983 this was 8 percent, set ahead of time, to be granted in four stages regardless of actual increases in prices. Innovation lay in predetermination...

The first to go out into the field was the secretary of state for the civil service, Le Pors. A communist and veteran of civil service unionism, he passed the examination, except with the CGC [General Confederation of Managerial Personnel] and the CFTC, which were unimportant, and the CGT, which refused

"in extremis" to initial the "summary of conclusions" despite the addition of a masterfully ambiguous "saving clause" regarding purchasing power. Everyone had his own interpretation--of the schedule (a meeting in October 1983 or February 1984?), the reference method (yearly average or yearly differential?), and even the period covered (1982 and 1983 or just 1983?). In the private sector the adjustment was slower. It took 9 months for the hourly salary rate to pass slightly under the 8 percent mark.

Once this date was passed, a new fear appeared--the specter of disturbances in the fall. The March 1983 austerity plan severely tapped household incomes by raising direct taxes and unemployment contributions. The middle class complained and students marched.

Surprisingly, everything was calm at the end of summer, and was barely interrupted by the severe defeat of the "government" unions--CGT and CFDT--in the social elections of 11 October. As the months went by, government condemnation of the sliding scale hardened; the schedule of increases--quarterly in 1982 and 1983--was to become half-yearly in 1984. There then began a surprising game between employers, the Rue de Rivoli and the unions, with each trying to make the other announce its intentions regarding wages. In the end, the sequence was the opposite of the traditional one: the CNPF spoke first, an "event" emphasized by Delors in his interview in the NOUVEL ECONOMISTE, followed by the nationalized sector which at the end of December received a letter from the prime minister outlining the principles of wage policy in 1984. Closing the ranks was the civil service, still surprised at having lost its traditional priority.

Policy will let the civil service have its revenge. A 15-year policy of contracts in the public sector has definitely helped make the very prosaic pay-check, cloaked vaguely in purchasing power, an economic abstraction. Gross, net, with or without benefits--there are as many truths as definitions. During the fall two events emphasized this difference of interpretation by moving this concept onto the political field.

At the Bourg-en-Bresse congress at the end of October and then one month later during the PCF-PS "verification" meeting, the experts of the majority party agreed, with great difficulty and after many discussions, on a formula: "maintaining average purchasing power of employees."

Unanimity or ambiguity? It quickly became apparent that for the communists this phrase pertained to the net salary, after withholding but before benefits, a calculation method made official in front of the central committee 3 weeks earlier by Georges Marchais. "Purchasing power of net salaries has declined considerably," emphasized the general secretary in his introductory report. Clearly, the Left was not living up to its promises.

During the PS steering committee meeting on 7 January, the same discussion came up and was decided differently. Dominique Strauss-Kahn, newly in charge of economic matters, specified right away that it would be best to analyze "the purchasing power of disposable income and no longer just the purchasing power of wages, which means leaving out all the social benefits." According to Strauss-Kahn, using this point of view France seems to have improved its relative position compared to its neighbors over the past 3 years. No matter how much Chevenement's friends tried to show that with an indicator like that "an influenza epidemic could cause purchasing power to increase," Mauroy and Delors did not miss a chance to refer only to disposable income. But around the Council of Ministers table not everyone was speaking the same language and since the unions could not agree either, the discord reached its peak. "To the union member, the only thing that matters is what is at the bottom of his paycheck," stated Bergeron, unswayed by the rhetoric. A typical calculation for an FO civil servant, index 365 of category B (the equivalent of an editor in a head office or a nurse) follows: "Between 1 January 1982 and 30 November 1983, we received 151,912 francs instead of the 156,189 needed to stick to the index; the loss in salary is over 4,200 francs." The CGT railroad worker would make the same calculation, but would continue the subtraction with the new withholdings, which over a period of 18 months gives a 4 percent decline in purchasing power according to the Georges Marchais "model."

In this area only the CFDT has tried to innovate, by proposing to expand the concept of purchasing power to include three items: net salary, benefits and, possibly, an "investment salary" managed via salary funds. Social security's failure at the ballot box has made the CFDT less subtle; like his colleagues, Maire is demanding compensation for 1983 in order to "maintain the overall purchasing power." The self-managed deindexing lasted only the length of one summer.

But the crickets have not stopped singing a different tune. Until now the government was careful to apply a "social treatment" to inflation. In 1984 the new constraints are liable to transform it into a shock treatment. From now on none of the political high risk categories--those with low salaries, welfare recipients, or non-salaried individuals--will be spared.

The spectacular increases in the minimum wage are over. Without bringing the principle of indexation into question, it has not been spared by austerity. After a 10 percent raise in June 1981, increases have been meager. For 1982 Jean Auroux had scheduled a 4 percent increase in the minimum wage's purchasing power, a promise that was not kept because of the wage freeze. Last year, those at the minimum wage received only two increases: 0.8 percent in March (as part of promises made in 1982) and 0.4 percent on 1 July (to compensate for the increase in the ASSEDIC [Association for Promotion of Employment in Business and Industry] contribution which took effect on the same date). "The minimum wage should be neither a locomotive nor a caboose," stated Delors, who believes that "there can very well be an excellent policy for low salaries without increases in the minimum wage if collective bargaining was sufficiently active."

There are also bad surprises for retirees and families. The former will get, in total for everyone, two increases--one of 1.8 percent on 1 January and one of 2.2 percent in July compared to 4 percent on each of those dates in 1983. The retirees' unions have hardly had time to shout about the "compensation" before they are frightened by the next time they will be left behind. Families, executors of the president's grand plan to increase the birthrate, will experience the same fate as museum attendants: 2.35 percent in January, 2.35 percent in July, which is 4.7 percent as a yearly differential and 6.1 percent as an annual average. As a result of the agreement between employers and unions regarding UNEDIC [National Union for Employment in Industry and Commerce] most unemployed persons will see their purchasing power fall as of next April. The last probable victims are unsalaried individuals, who, under pain of union vindication, must sort of pay the penalty for not being salaried. Although a ceiling has been quietly put on social transfers, the decrease in dividends has been loudly trumpeted. Calls to fight the "structural causes of inflation" are also aimed at the professional classes and controlling margins hits merchants directly.

There is one certainty on the eve of the first confrontations over wages: the inflation battle will be won or lost domestically. The dollar, oil, interest rates and raw materials do play a part, but from Barre to Delors the entire political class is persuaded, even if they do not always say so, that the key to victory is wage costs. If they increase faster than abroad, competitiveness will unravel. It would then have to be made up by devaluing the franc, in the guise of "readjustments" or "flexibility."

Will they hold firm in 1984? Along with the issue of industrial changes, this is the major challenge of the hour. The risks of uncontrolled increases are not negligible. In the civil service, where everything happens, something must give; civil servants will not be the only employees in the world to accept 0.25 percent or 0.50 percent nominal salary increases in 1984. It is difficult imagining them getting less than 5 percent this year, which is in line with Delors' goals even if the budget deficit increases. However, above 5 percent would be undisciplined and everyone on the wage front could be carried away by that.

The change in prices at the beginning of this year will be another major signpost for public opinion. The January index, which included increases in public rates and various compensations, will be bad. According to INSEE, merchants have already announced large increases on "a great deal of articles" during the first quarter. The CGT price index, which since May 1981 has often been similar to INSEE's, has taken off on its own since summer. As a result, INSEE calculated 1983 inflation at 9.3 percent, the CGT at 12.5 percent, a difference which is liable to help mobilize union members and give Krasucki a reason to begin the wage battle with Matignon.

Interview with FO's Bergeron

Paris LE NOUVEL ECONOMISTE in French 6 Feb 84 p 37

[Interview with Andre Bergeron of the Workers Force (FO), date and place not specified]

[Text] [Question] Do you still expect to save the purchasing power of your members in 1984?

[Answer] The least that can be said is that it will be a difficult task. Salary negotiations these days rarely result in agreements. In the civil service, which controls everything else, huge variations in method exist between the government and the unions but also between organizations. We believe that the compensation to be made to civil servants' salaries in 1983 should be 1 percent.

[Question] When you demand maintaining purchasing power, what are you talking about?

[Answer] Very simply, we are talking about the bottom line of your paycheck. You merely have to compare the paycheck from December 1982 to the paycheck from December 1983. People today have less money to live on.

[Question] Do you think the situation is worse than in Raymond Barre's time?

[Answer] It was less definite in Barre's time but the world crisis was not so widespread. I am not incriminating anyone. In the past the government had hoped to be able to follow a policy totally different from our neighbors and it failed.

[Question] Since the fall you have been predicting a backlash, but nothing has happened.

[Answer] I am not going back on what I said. You can make fun of me; I was made fun of under the same conditions a few months before May 1968. At the present time conditions are ripe for large-scale problems, such as we had at Talbot. The decline in purchasing power, added to unemployment, creates tensions that cannot be controlled. But on the other hand, when I have been at union meetings, the mood tended more towards resignation than strikes. The tone is definitely one of worry and disappointment, but without the desire to fight. This is not a healthy mix.

[Question] By favoring purchasing power, do you hope to make the deindexing preferred by Delors fail?

[Answer] I don't understand what they are talking about now. When you negotiate salaries you have to have a reference point. Despite what is generally thought, there has never been automatic indexing in France except in a very few collective bargaining agreements.

[Question] Don't you feel as if you have been caught in the trap of technicality, especially in the area of the civil service?

[Answer] Our civil servants well understand what is at stake in the negotiations. They see that with the effects of the "differential" and "yearly average" increases, Anicet Le Pors doesn't have a farthing to give them in 1984. We owe this jargon to Delors in 1969 when salaries in the public sector began to be negotiated. Before that, there were complaints or there was a strike and then remunerations were adjusted. To break the idea that the salary was conceded Delors thought up a negotiation system. No one was trapped. But even by thinking things up it is not possible to hide from people the real state of their purchasing power.

9720

CSO:3519/227

EFFECTS ON UNEMPLOYMENT OF LAWS PROTECTING LABOR

Paris LE NOUVEL ECONOMISTE in French 20 Feb 84 p 38

[Opinion by Raymond Soubie, associated professor at Sorbonne-Celsa. "A Bet for Employment. Making Labor Legislation Flexible."]

[Text] The debate of recent weeks on the industrial restructuring has probably overshadowed the main problem: how to allow the French economy to create additional jobs, in the image of what is happening in the United States? It will have carefully dodged this question: Does not the explicit protection acknowledged for wage-earners by the rights of labor result in increasing the risks of unemployment?

Indeed, the employers forcefully touched on this subject, but without attaining that it be seriously studied. Would this country be so much a prisoner of its routines and of its taboos that it would be incapable of devoting itself to an objective study of all the cures liable to check unemployment?

For years, the rights of labor expanded in three directions: it standardized the legal rules applicable to wage-earners by making employment for an indeterminate period the ideal model; it strengthened the protection of wage-earners and reduced the margin of maneuvering for firms; it became more and more complicated, particularly for the PME's [Small and Medium Size Businesses]. These developments went contrary to imperatives of flexibility, freedom of management, speed of adaptation that firms are experiencing. They are therefore made to the detriment of growth and employment. Has not the pendulum swung too far? Is it not suitable to adopt the necessary corrections, especially in these tangible spheres: authorization for dismissal on economic grounds, recourse to contracts for a definite period, the standardization and improvement of a certain number of social safety margins?

It is strange to see in a factory inspector, whatever may be the quality of this civil servant, the power to control the reality of the economic grounds cited by the employer in the event of dismissal. The principle of authorization itself even if it is granted most of the time provokes an uncertainty, reinforces the pressures in favor of maintaining employment. In short, it creates a psychological environment unfavorable to

adaptations of manpower. In times of economic difficulty, when employers have, or believe they have, trouble in laying off, hesitate to hire.

The restrictions imposed by law on contracts for a definite period also work in the same way: the employers, already not much inclined towards employment for an indeterminate period, find another opportunity for recruiting closed; the wage-earners placed under this system feel even more the precariousness of their situation.

In the same way, the social safety margins can be an inconvenience: not that overstepping them leads to really disturbing consequences, but, being too diverse and factors of complexity, they contribute to this unfavorable climate for employment.

Let us not be mistaken about these aims. It is not a matter of denying certain progress of the rights of labor: the direct expression of the wage-earners or the encouragement to collective bargaining are examples of it. It would not be a question of applying roughly and of making widespread the necessary adaptations of the laws. It would even be desirable to limit them, at first, to the PME's that have so much need for flexibility.

Everyone has an interest in taking this risk. The government will be judged on its results, not on its talk; now, it no longer has many means at its disposal to promote employment. The employers, who signed agreements strengthening the legal protection of the wage-earners in times of prosperity, have the power to state the problem publicly. After all, the success of the negotiations on UNEDIC proves the evolution of minds and behavior. The unions, so devoted to the traditional rights of labor, sense the difficulties of firms and the climb in unemployment. It is high time to take this risk for employment: everything indicates that the bet would be won and, if not, it would still be possible to learn from it.

9545

CSO: 3519/231

DATA ON 1983 BALANCE OF PAYMENTS DEFICIT

Athens I KATHIMERINI in Greek 29 Feb 84 p 7

[Text] The Minister of the National Economy Mr. Ger. Arsenis yesterday gave the final figures on the 1983 balance of payments, stressing that the deficit had been maintained at the level of the previous year and was covered by the increased flow of private capital and by equilibrating loans with the result that the nation's money reserves remained at the same levels. But from the figures of the balance of payments it becomes apparent, first, that money reserves remained the same because of the crisis which limited imports and, second, that the foreign debt is steadily increasing.

However, Mr. Arsenis gave assurances that for 1984 equilibrating loans will be maintained at the level of the 2 previous years and will begin to decrease from 1985 on.

Mr. Arsenis added that Greece continues to be one of the nations with the smallest foreign debt and that the ratio between the annuities it pays and its revenues from trade remains around 16%, which is one of the internationally lowest percentages. Besides, the deficit in the balance of payments for current transactions is maintained around 5 to 5.5% in relation to the national revenue and by 1987 it will have gradually decreased to 3 or 3.7%.

As far as the policy of the foreign debt is concerned, Mr. Arsenis said that, first, steady efforts are being made to open new money markets. Thus, whereas in the decade of 1970 we borrowed exclusively from the Euro-market, since last year the government had opened up the markets of Tokyo, Saudi Arabia and America, also resorting at the same time to medium term credit sources. Secondly, public enterprises and organizations are being promoted on the international market and secure loans with favorable conditions.

Commenting on the results of the balance of payments for 1983, Mr. Arsenis emphasized that the deficit had been kept at levels below \$ 2 billion, as the government had predicted while money reserves did not decrease.

In more detail, Mr. Arsenis made the following remarks concerning the balance of payments:

1. Imports (which fell to \$9,519 million against \$10.068 million in 1982) decreased because of the slackening of domestic demand. During 1984, when a recovery of the economy is expected, an increase of imports is also forecast.

2. Exports (\$4,109 million in '83 and \$4,141 in 1982) appear to have decreased chiefly due to their being calculated in dollars, whereas takings were mainly in European currencies which were devaluated against the dollar. However, the bulk of exports has increased and after the second semester of '83 a recovery of exports began which will continue also in 1984.

3. The decrease in dubious resources (from 6,089 in 1982 to 5,521 in 1983) is caused by the international shipping crisis which had negative effects on the shipping revenue and the emigrants' remittances, while the decrease of revenue from tourism is due to a decline in international tourism but also to the restrictive measures taken by France and Yugoslavia with regard to tourism. Mr. Arsenis added that prospects for the flow of tourism this year are favorable and he specifically mentioned that a greater number of tourists is expected from North America and Western Europe.

4. The deficit in the balance of payments for current transactions was \$1916 million for 1983 against \$1885 million in 1982 and \$2421 in 1981. Mr. Arsenis said that the important thing was that this deficit had been financed by the flow of private capital which was higher in 1983 in relation to 1982 (\$939 million against \$676 million in 1982). Mr. Arsenis also announced that interest rates on domestic deposits would be improved in the case of deposits in foreign currency.

5. With regard to our available currency, which was \$1042 million in 1983 against \$1011 million at the end of 1982, Mr. Arsenis said that we are among the few nations in the world which calculate their money reserves in gold at the old price of \$45 per ounce, whereas the current price is already 10 times higher. And he also alluded to the fact that he will initiate a change in the manner of valuation.

12278

CSO: 3521/198

RUDING CALLS FOR ADDITIONAL CUTS IN 1985 BUDGET

Three Billion Guilders More

The Hague ANP NEWS BULLETIN in English 7 Mar 84 p 1

[Text] The Hague, March 7--Finance Minister Herman Ruding last night called for three billion guilders in savings next year over and above the seven billions already agreed by the ruling Christian Democrats (CDA) and Liberals (VVD) in their coalition agreement.

A finance ministry spokesman said the minister's proposals for the 1985 state budget, which is to be presented to parliament on September 18, provided for:

- a 3.3-billion-guilder cut in ministerial budgets, or 1.5 billion more than agreed;
- a 2.7-billion-guilder cut in civil servant salaries, 0.5 billion more than agreed;
- a 2.7-billion-guilder cut in social security, or 0.5 billion more than agreed;
- a 1.3-billion-guilder cut in public health sector, an extra 0.5 billion.

Ruding is reported to consider additional savings this year to be unnecessary. In his letter to fellow ministers he is quoted as saying:

'The existing provisional prospects justify expectations that policy interventions will not be necessary in the 1984 budget.'

Opposition Protest

Opposition leader Joop den Uyl last night made a strong protest against the proposals, saying the cabinet was deliberately 'deaf and blind' to discussion on the need for economic stimulation policies which would keep up spending.

The proposed cuts was 'extremely high', and would leave benefit claimants and the civil servants once again 'holding the baby', he said.

Ruding's plan took no account of the steadily growing realisation that the Netherlands would have to increase investment if it did not want to miss the boat of economic recovery, he said.

The ruling coalition parties (CDA and VVD) in the second chamber of parliament, were unwilling to comment.

Tax Cuts

Speaking on Dutch radio from Washington last night Ruding said he was not opposed to a cut in personal taxes next year.

But he emphasised that the government must not abandon the target of reducing its financing deficit to 7.5 percent by 1986.

He said the deficit was falling too slowly. It was therefore vital that the government carried through planned structural cuts in spending.

Ruding said there were grounds for a cut in personal taxation but stressed that its effect on government revenue would have to be offset by even greater cuts in government expenditure than were now planned.

The parliamentary leader of the CDA, Bert de Vries, and the chairman of the Federation of Netherlands Industries, Chris van Veen, argued recently that the government should let the financing deficit fall more slowly to allow a tax cut.

Ruding said there was no need to cut taxation to boost consumer spending. This had held up in 1983 and would probably continue to do so in 1984, despite opposition claims to the contrary, he said.

Ruding was in Washington on Monday and Tuesday for talks with the chairman of the Federal Reserve Board, Paul Volcker, and Treasury Secretary, Donald Regan.

Defends Proposal

The Hague ANP NEWS BULLETIN in English 9 Mar 84 pp 1-2

[Text] Schiphol, March 8--Finance Minister Herman Ruding today defended his call for an extra three billion guilders worth of cuts in public spending next year as a minimum requirement.

Ruding, returning here from Washington, was commenting on a letter containing his proposals for the 1985 state budget which he sent to the cabinet this week.

In the letter, Ruding argued that public spending should be cut by ten billion guilders in 1985, three billion guilders more than was provided for in the 1982 coalition accord between the Christian Democrats (CDA) and the Liberals (VVD).

The finance minister today played down a threat by Education Minister Wim Deetman to resign if forced to make further cuts in his department's budget.

He had expected such reactions and they made little impression on him, he said. As finance minister it was his task to confront the cabinet, parliament and society as a whole, with hard reality, he added.

Lower Gas Revenues

Ruding said the extra cuts were necessary because problems had arisen which were not envisaged at the time of the November 1982 coalition agreement.

These included lower revenues from gas sales, slower economic growth and a faster rise in unemployment than expected, he said.

To counter this the government would have to cut spending by at least three billion guilders, in addition to the seven billion guilders worth of cuts provided for in the coalition agreement, he said.

Ruding had repeatedly stressed that the government must maintain its target of reducing the financing deficit to 7.5 percent of national income by 1986 to promote economic recovery.

Ruding dismissed the suggestion that he had deliberately overestimated the extra cuts needed and that he would willingly settle for a smaller (but sufficient) package of cuts after cabinet negotiations.

It was not in his character to employ such tactics, he said.

Washington Visit

Asked about his talks in Washington, Ruding said he had gained the impression that administration officials now realised the American budget deficit was getting out of hand.

His visit to Washington included meetings with Treasury Secretary Donald Regan, the Chairman of the Federal Reserve Board, Paul Volcker, and President Reagan's chief economic advisor, Martin Feldstein.

Ruding said he had emphasised his concern that the American budget deficit was boosting the dollar and American interest rates, and consequently forcing up European interest rates.

Ruding said he had also drawn the attention of administration officials to the problem caused by the strong dollar for developing countries with debts denominated in dollars.

CALL FOR 'SOCIAL PACT' TO REMEDY ECONOMIC CRISIS

Madrid YA in Spanish 21 Feb 84 p 5

[Editorial]

[Text] The predictions are coming true: 300 strikes, about 1 million workers participating in them, 13.5 million work-hours lost. And, finally, the negative conflict balance is 46.53 percent worse than in January 1983, as announced by the CEOE [Spanish Confederation of Business Organizations]. Worse still: the mobilization of the masses, entire towns paralyzed, repeated occupations of property, sit-ins, marches on cities, docked fleets, tractors on the highways, railways cut off and, finally, general strikes that have already reached whole areas, such as Vigo, and regions, such as the strike that affected the entire Basque Country. This is no apocalyptic description. It is simply what is happening here and now among us. Recently even more strikes have been announced, some of which, like the transportation strike in Madrid or the simultaneous ship and airline strike, can paralyze the capital or traffic with the islands.

To strike is to exercise a labor right, as is recognized in the Constitution. But what is happening surpasses by far that "natural" conflict and has become a profound, growing, increasingly widespread social protest. To say so is not to cry wolf. We refuse to consider it so.

All of this has a clear cause. The economic crisis has had an ever-increasing effect not just on sectors, activities and businesses, but even on household budgets, income and personal opportunity, affecting almost everyone. Its results are very clear. It is no longer a matter of not being able to find some kind of work. It is, even more, collective impoverishment, the loss of the standard of living achieved. Even more serious, it is the sensation that things are getting worse, that there do not seem to be any solutions; or that no one sees any possibility of finding one. When solutions are applied or tried, there are no signs of any positive results. On the contrary, measures are announced in a vague, unclear fashion, such as reconversion or greater flexibility in labor relations, but their most outstanding features seem to be their negative effects and, concretely, a further loss of jobs. All this can only lead to growing discouragement, and that collective state of mind will represent a lack of stimulus or hope.

Not even the social forces, which in the past have reached agreements that were the framework for the negotiation of working conditions, have been able to reach any agreements this year. Hence, after the breakdown of this basis for agreement and of the moderation it represented, the prediction we referred to above is coming true. The problem is not the general protest that ends up being revealed, but its exploitation by those who have an interest in doing so for their own purposes. These purposes are not exactly the defense of grievances, the solution of real problems, but rather are political desires. It is unbelievable that no lesson has been learned from the experience of so many collapsed businesses and so many workers in the streets as a consequence of so many impossible demands and so many strikes that just finished off troubled business that could have been saved if the workers had not been manipulated.

In the face of such a sensitive and dangerous social situation, there should be an imposition of the will to find possible solutions, overcoming biased interests and positions and not working against the general interest in achieving some progress. This joint effort has been called for by individuals as different as the president of the Bank of Vizcaya and the secretary general of the UGT [General Workers' Union]. The government, which has the greatest responsibility to call for such an effort, cannot fail to hear it. There is still time to correct errors and leave behind obstinancy and pride. The great national pact that the situation demands must be achieved. With everyone, excluding no one. It is urgently needed and it should tell our people, who have always known how to understand this, where we are and where we can go.

12351

CSO: 3548/195

STATISTICAL SURVEY OF INCREASING TAXATION

Madrid EL ALCAZAR in Spanish 21 Feb 84 p 14

[Text] Spain is among the countries that have had the largest tax increases in recent years. This continuous rise in the tax burden has not been slowed by a reduction or levelling of the high public sector deficit. Thus, the aforementioned burden rose from 24.4 percent in 1973 to 31 percent in 1981, on the basis of nonfinancial public administration revenues. Subsequently this upward trend was broken during fiscal year 1982, but it started upward again last year and reached 31.6 percent.

In regard to total public revenue taken as a whole (including both current revenue and capital taxes), there was also a rising trend from 24.4 percent in 1973 to 31.6 percent, representing an increase of more than 6 percent.

In addition, the well-worn comparison with tax levels in other countries, which has always claimed that the level in Spain was the lowest, has been discredited on the basis of two arguments. First, comparing the tax burden with per capita income levels, Spain is in first place among the industrialized countries in regard to the tax burden imposed. For example, when the tax burden in our nation was 26.90 percent in 1980 and per capita income was U.S. \$5,624, among the OECD countries, only Ireland paid higher taxes than the Spanish taxpayer.

Second, the impact of this burden is quite different for different economic sectors and is worsened by the different degrees of tax evasion.

Furthermore, our fiscal structure is different from that of the leading developed countries, worsening the level of our production costs and prices.

Thus, within public revenue, one of the most important items is social taxes, which rose to 12.7 percent of the gross domestic product in 1982; this figure is unequaled among the industrialized nations. In addition, this section of the budget has risen the most in the last decade, having been at 9.1 percent in 1973.

Another notable feature in the development of public revenue is the great increase in income taxes compared with the collection of taxes related to imports and production. In 1973 the former represented 3.9 percent of the GDP. In 1982 that proportion had changed, direct taxes having risen to 6.6 percent and indirect taxes having fallen to 7.5 percent from 8.0 percent of the GDP in 1973.

Taxes on families have risen almost 3 percent of the GDP since 1973. This increase should be compared with the increase in wage contributions up to 1976 and especially with the fiscal reform initiated in 1977, which permitted an increase in the share of taxes paid by families, thus providing significant assistance to the financing of the public sector.

12351

CSO: 3548/195

RISE IN EXPORTS, GDP RECORDED IN JANUARY

Madrid ABC in Spanish 24 Feb 84 p 51

[Text] Foreign trade experienced a marked improvement in January, according to data disseminated yesterday by the Directorate General of Customs. The GDP growth figure for 1983 was also made public, which, according to the National Institute of Statistics, was 2 percent, as stated initially.

Customs statistics for January provide confirmation that Spanish foreign trade is on the rise. Exports came to 299.546 billion pesetas (1.185 billion) with an increase of 85 percent over the same month in 1983. This increase is not, however, completely meaningful since January 1983 was especially bad for our sales abroad. Imports came to 395.459 billion pesetas (2.483 billion), which means an increase of 25 percent.

These figures place the commercial deficit for January at 95.913 billion pesetas, 55 billion less than in January 1983. This means that the negative balance was reduced by more than one-third. On the other hand, the hedge rate rose from 51.67 percent in January of last year to 75.7 in the same month for this business year.

The National Institute of Statistics also disseminated yesterday definitive data from its annual study on economic growth. According to Europa Press, this study confirms the 2-percent GDP growth, both in terms of supply and demand. In terms of supply, this increase is attributable to a perceptible real increase in the farming and fishing sector (4 percent) and recovery in the industrial sector, not including construction. This latter aspect is also confirmed by the industrial economic growth survey for December 1983, issued yesterday by the Ministry of Industry, even though it shows results similar to the previous year.

In terms of demand, the actual growth of the economy in terms of the GDP at market prices was 2 percent, with slight recovery in private consumption. Although most of this increase is attributable to tourists since residents scarcely increased their consumption 0.7 percent. Public consumption again copied demand with a 4 percent increase.

Regarding income growth, wage-earner income increased 12.3 percent in 1983, a rate similar to 1982's. National savings increased 14.9 percent, 2 points above growth for the preceding year. However, these savings were not enough to finance investments inasmuch as the economy has contracted debts amounting to 338.500 billion pesetas.

FISCAL 1983 DECLINE IN EMPLOYMENT OPPORTUNITIES

Madrid ABC in Spanish 1 Mar 84 p 51

[Article by Amancio Fernandez]

[Text] Madrid--The number of workers who found jobs in 1983 was 8.46 percent lower than last year, according to the latest official figures made available to ABC. Employment decreased from 1,617,137 persons in 1982 to 1,471,153, which equates to a drop of 135,948 persons in the past fiscal year.

The total number of gainfully employed persons recorded by the National Employment Institute [INEM] in 1983 was 1,471,153, with a monthly average of 122,596. Of the employed persons figure, 431,232 had jobs in the various employment development programs in operation, with a drop of 13,360 jobs in this sector compared to the preceding year.

The largest number of workers to find jobs through employment development programs were temporary hires totaling 220,068. Next in number were persons hired to public-service jobs which affected specific groups of workers (over 45 years of age, etc.) totaling 59,258. Persons hired on the basis of agreements with specific entities produced 48,593 new jobs. A total of 34,705 persons were hired to jobs of a territorial nature. Part-time hires totaled 33,269. On-the-job training hires accounted for 31,102 persons; and, finally, 4,207 new workers were given jobs in the social services sector.

Temporary jobs declined 13 percent in 1983 compared to 1982, and there was a drop of 43.8 percent in the so-called public-service jobs for several groups of workers. On the other hand, there was an increase in jobs in the territorial action sector which this year were replaced by jobs for persons over 45 years of age, hires based on agreements with certain entities and jobs in the social services sector. There was a slight increase of 5,520 in part-time jobs and of 2,260 in hires for on-the-job training compared to 1982.

By province, the greatest number of new jobs was recorded by Cadiz with 103,382. After that come Barcelona, with 100,825; Madrid, with 91,308; Valencia, with 74,748; Murcia, with 60,424; and Sevilla, with 59,445 jobs.

On the basis of employment development programs, the leading provinces were Madrid, with 56,431 jobs; Barcelona, with 47,975; Valencia, with 20,578; and Alicante, with 10,582. In the other provinces, jobs created on the basis of employment development programs totaled less than 10,000 per province. Provinces with the greatest number of jobless persons, with particular emphasis on youths seeking their first jobs, made the greatest use of special jobs.

According to recorded unemployment figures, Barcelona is in first place with 478,156 jobless persons registered in the offices of the INEM at the end of 1983. Of this group, 111,812 represent persons without previous employment. Madrid is in second place with 258,855 jobless persons registered and 82,268 young people seeking work. Sevilla follows with 159,298 unemployed persons.

8143

CSO: 3548/201

BANCO DE VIZCAYA TO ACQUIRE BANCA CATALANA

Madrid DIARIO 16 in Spanish 1 Mar 84 p 15

[Text] Madrid--After 8 months of "interim" management and in view of positive developments in recent months, Banco de Vizcaya decided yesterday to purchase a major interest in Banca Catalana. Vizcaya will have to pay 13.6 billion pesetas and will have from 8 to 10 years to pay back the loans of public funds it received.

The administrative council of the Banco de Vizcaya decided yesterday to exercise its option to buy 88.7 percent of the capital stock of Banca Catalana. At present, this percentage of Banca Catalana's capital stock is being held by a "pool" of banks consisting of the seven largest and five medium-size banks and two other institutions which acquired it from the Deposits Insurance Fund in May 1983.

Subsequently, this "pool" of banks entrusted the management of Banca Catalana to Banco de Vizcaya, granting it as compensation an option to buy which was to expire in June 1985.

However, as a result of the decision made yesterday, Banca Catalana will be taken over by Banco de Vizcaya 15 months before the expiration of the purchase option. The decision to exercise the option so far in advance of the expiration date may have been influenced by the successful operation of Banca Catalana in recent months.

Price

The results obtained were considered sufficiently satisfactory by the administrative council of Banco de Vizcaya to produce the purchase decision with total guarantees, according to sources at this banking institution.

Prospects for the future, once Banca Catalana is completely healthy, are seen to be very favorable. This, too, influenced the Vizcaya purchase decision.

The price Banco de Vizcaya will pay for 88.7 percent of the capital stock of Catalana is 13.602 billion pesetas, the sum paid by the "pool" to the Deposit Insurance Fund. This sum will be paid in several increments.

With the total resources of Banca Catalana, which are in excess of 185 billion pesetas, Banco de Vizcaya will approach the Banco de Bilbao on the bank "ranking," list where it is now in fifth place.

The turnaround in the operations of Banca Catalana exerted a powerful influence on the decision by Vizcaya's administrative council to move up the purchase date by 15 months. The drop in profits and the poor financial situation were left behind. The change in figures generated by Banca Catalana, which were made public during a general meeting of stockholders held recently, gave banking circles reason to believe that the purchase would be moved up.

Purchases

According to figures made public on that occasion, Banca Catalana generated gross income of 6.239 billion pesetas in 1983, which were earmarked in toto for restoring the health of the organization and amortizations. Because of this, during the stockholders' meeting, the board of directors of Banca Catalana could not conceal its satisfaction over the results attained, in some instances better than those forecast.

Under the management of Banco de Vizcaya, Banca Catalana was able to increase its financial margin and to reduce operating costs. What is more, deposits increased by 15 billion pesetas for the whole year, with a 14 percent rise for the entire fiscal year and 22.4 percent since Vizcaya took control of management.

Banco de Vizcaya has bought the most financially troubled banks in the last 5 years. During this period, it has acquired Banco de Credito Comercial, Meridional, Ahorrobank, Occidental and Credito y Ahorro. Moreover, it is the first bank to publicly show its interest in the possible acquisition of Banco Atlantico. Banco de Vizcaya, through its spokesman, Pedro de Toledano, said recently that there was not only interest in but also the full capability of buying this bank.

The story which ended with the purchase by Banco de Vizcaya began at the end of 1981 when Banco de Espana decided to start an investigation into the accounts of Banca Catalana which resulted in the discovery of current losses of 6 billion pesetas and several asset losses by Banca Catalana and Banco Industrial de Cataluna of at least 30 billion pesetas.

Its then-president, Eusebio Diaz Morera, later admitted losses by the group of 110 billion pesetas and another 28 billion in unprofitable accounts. Up to that time, total aid of 125 billion pesetas had been received from the Banco de Espana, in addition to an additional 90 billion pesetas from a recovery plan implemented shortly afterward.

TABLE

Figures for the Group
(in millions of pesetas)

	30/11/82	3/11/82[83 ? as published]	%
Banca Catalana	100.228	90.366	-10.9
Banco Industrial de Cataluna	45.984	46.839	- 1.8
Banco Industrial del Mediterraneo	31.964	29.917	- 1.5
Banco de Barcelona	7.629	6.531	16.81
Group Totals	185.805	173.653	7

8143

CSO: 3548/201

RECONVERSION TONED DOWN BY UNION PRESSURE, CIVIL UNREST

Madrid ABC in Spanish 24 Feb 84 p 51

[Text] The government made a 180-degree turn in its industrial reconversion policy when the philosophy so far emphatically defended by Minister Carlos Solchaga was restated. Heavy UGT pressure on Felipe Gonzalez and fear of general civil disobedience are the reasons the Socialist Executive decided to tone down the process.

There are three facts which allow us to predict reconversion's new course. First, the suspension of contracts in several Aceriales firms after the initial agreement to cancel them. Second, the unusual handling of personal layoffs in those companies. And third, the semiofficial announcement that the government has no intention of closing any shipyards.

All this has nothing to do with what the minister of industry has been favoring over the past year. Carlos Solchaga showed himself to be partisan on several occasions in using the cancellation method; he held tough negotiations with the unions on not further improving security for laid off workers, and acknowledged the necessity to move ahead with the closing of some naval construction firms.

The restatement was made with decisive intercession by the prime minister who has been the target of heavy UGT pressure. Two weeks ago the chief executive held a meeting in Moncloa with Alfonso Guerra, Jose Maria Benegas, Ramon Rubial and Nicolas Redondo. The latter had previously tried to convince the prime minister the political advisability of not making a drastic reconversion inasmuch as, if Solchaga's theories were successful, UGT would have only two alternatives: support the government and resign itself to losing its union strength, or confront the government with the concomitant damage to the "socialist family." That day in Moncloa Nicolas Redondo played his last ace. As coordinator of the PSE-PSOE election campaign in Basque Country, he warned Felipe Gonzalez of the harmful consequences of massive layoffs in Aceriales shortly before the election. The UGT secretary general made his point. Hours later, during an emergency meeting at the Ministry of Industry, it was agreed that the cancellations would be replaced by suspensions of contracts. The breach remained open. If in special steels it was possible to maintain the link between surplus personnel and the firms, it is possible in other sectors also.

One week later, Felipe Gonzalez was bringing UGT together with the principal members of the government's economic team. There the new reconversion outline was drawn up: there will be layoffs only in those sectors in which it is essential, the productive capability of the shipyards will continue practically unchanged and personnel adjustments will be accomplished by making sure that those affected may obtain access to pensions in advance.

The new scenario makes the launching of employment promotion funds very difficult (they were going to use unemployment compensation to relocate those laid off) and places Solchaga in a delicate situation.

9436

CSO: 3548/199

BARLAS ON TURKEY'S MID-EAST ECONOMIC EXPECTATIONS

Istanbul MILLIYET in Turkish 21 Feb 84 p 1

[Editorial by Mehmet Barlas]

[Text] The one country that should be closely monitoring Turkey's efforts to realize development with stability and to reach the level of contemporary civilization happens to be Saudi Arabia.

That is because Turkey happens to be the one Islamic country that neither has oil nor receives a share of Arab oil revenues. However Turkey maintains, for the security of the country and its borders, one of the largest armies, not just in the Middle East, but in Europe. It has, by its own resources, modernised its education, trained cadres and established its industry.

If the current administration in Saudi Arabia feels itself secure and stable, Turkey has a considerable role in this ... If the countries of the Gulf are not within the grip of a political storm that blows from the north toward the south, Turkey is the guarantor for this outcome.

Yet Turkey wants no contribution either from Saudi Arabia or other oil producing countries.

The one thing wanted by Turkey though, is that Arab countries open their markets in a way slightly favoring Turkish technology, Turkish commercial and industrial products.

For instance, Turkish contracting firms have proven themselves in the Saudi Arabian investment scene. From Riyadh to Jubail, the constructions of Turkish engineers and workers stand as a monument to civilisation.

What Turkey wants is that this tested and accumulated expertise should receive more support from the Saudi administrators. If Turkish firms quote the most proper price in an international tender, preference should not tilt toward the South Koreans or the West Germans.

Turkey does not ask for aid from Saudi Arabia, which, to maintain its own security, offers contributions totalling billions of dollars to Iraq, Jordan, Egypt and even, indirectly to Syria.

But Turkey has a right to expect that Turkish contractors and merchants are favored by Saudi Arabia ... It is natural to expect Saudi investors to create funds in Turkey.

It should not be forgotten that every ripple of instability in Turkey will find an echo in all the countries right down to the Gulf.

On the occasion of President Evren's visit, we hope that this fact will be realized once again by the Saudi rulers. In the friendship between Turkey and Saudi Arabia, mutual support is a very important element.

12466

CSO: 3554/158

DIFFICULTIES ENCOUNTERED IN EXPORTING TO IRAQ

Istanbul DUNYA in Turkish 29 Feb 84 p 3

[Text] Baghdad--Turkish exporters have begun encountering "serious" difficulties in the Iraqi market. The difficulties stem from regulatory changes which make the flour contract won in Iraq practically impossible to fulfill.

In yesterday's bidding to export 56,500 metric tons of meat to Iraq, Turkish firms were awarded contracts for only 3,000 metric tons of meat. While Cihan Ihracat won the contract for mutton exports, UTG, a British firm, was awarded the contract for 50,000 metric tons of beef. The contracts for the remaining 3,500 metric tons were shared by two French firms, one of which will supply 2,000 metric tons and the other 1,500 metric tons.

A large number of Turkish firms bid on all parts of the contract with fairly reasonable prices which reflected their advantage in transportation costs.

According to the information obtained, Iraqi officials told the Turkish firms bidding on the meat contract that they would be ineligible for the contract because the flour contract was invalidated. The Iraqi officials stated that their country is in a state of war and that they could not tolerate stoppages in the supply of their foodstuffs.

The Iraqi flour market, which was lost to Greece and the FRG last year, was recaptured by Turkish firms this year, and four Turkish firms were awarded the 200,000-metric-ton contract last month. However, immediately after the contract was awarded, the Incentives and Implementation Department of the State Planning Organization issued a directive which revoked tax return incentives on flour exports.

The firms which had won the contract began shipping the flour even though their bidding price relied on the tax return, but this time the freight trucks were held at the Hapur customs port as a result of a new regulation which subjects flour to registration.

The applications filed for registration were denied because the contract price on the flour was below \$140 per metric ton. The Turkish firms had won the contract with a bid of \$160 per metric ton, while other countries had bid \$172 per metric ton because of longer shipping distances.

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NO: 001107

CALL FOR LARGER TURKISH ROLE IN SUDANESE MARKET

Istanbul DUNYA in Turkish 23 Feb 64 p 1

(report by Osman Senkul)

(Text) (Basikar Abdurrahim), Deputy Head of the Sudanese parliamentary delegation and chairman of the parliamentary commission for defense and security, said that Turkey's rank in Sudan's foreign trade is much below what it should be. Noting that 90 percent of Sudan's imports come from Japan and Taiwan, (Abdurrahim) said that efforts are being made to increase Turkey's share.

In a statement to DUNYA, (Abdurrahim) said: "Today, Japanese and Taiwanese goods dominate the Sudanese market. However, I believe that Turkey can also enter that market with certain products." Stating that Japan and Taiwan dominate the Sudanese market in the area of electronic products in particular, (Abdurrahim) said: "Our imports from Turkey have so far been mainly foodstuffs. However, we have determined in the course of our studies that we can also buy finished and semi-finished industrial products from Turkey."

Desirable Consumer Goods and Foodstuffs

Stating that they are mainly interested in durable consumer goods and agriculture-based industrial products, (Abdurrahim) said that the efforts being made to develop diversified relations with Turkey will focus on foreign trade. Pointing out that the new program to be formulated for economic relations with Turkey envisages the utilization of the Turkish industry in processing raw materials and semi-finished goods produced by Sudan, (Abdurrahim) added: "We will try to make use of the resources of Turkey, which has the most developed industry among Islamic countries."

Stating that Sudan is currently involved in a major public works effort, (Abdurrahim) said: "We want to see Turkish contractors in the building of new cities and other construction work in Sudan." Noting that contracting services have just started to develop in Sudan, (Abdurrahim) said that Japanese and Turkish contracting firms can cooperate with each other. (Abdurrahim) continued:

"We have been following with interest the successes of Turkish contractors in various countries in the Middle East and North Africa. Turkish contracting firms have some highly experienced in certain conditions similar to those that exist in Sudan. Consequently, I believe that they will have a major share

in Sudan's new public works effort within the framework of cooperation agreements to be made with Sudanese contracting firms. We also believe that our multifarious relations will be given more impetus by our president's visit to Turkey."

The Sudanese delegation will submit to the Sudanese parliament the data it obtained during its studies in Turkey, and documents will be prepared to be included in the programs of the trade and industrial delegations to be formed during the Sudanese president's visit to Turkey.

9588

CSO: 3554/168

PP MOTION FOR ABROGATION OF FOREIGN TRADE LAW

Istanbul CUMHURİYET in Turkish 29 Feb 84 p 7

[Text] Ankara--The Populist Party [PP] parliamentary group resolved yesterday to petition the Constitutional Court to have the Foreign Trade Law abrogated.

The PP group also criticized SODEP [Social Democracy Party] charging that that party is no longer "battleworthy."

Meanwhile, all public employees were asked to read Article 137 of the Constitution carefully and to act in accordance with its provisions and were cautioned that "they would be held responsible otherwise."

In a statement after the PP parliamentary group meeting, group spokesman Sururi Baykal disclosed that the Foreign Trade Law will be taken to the Constitutional Court and that its abrogation will be demanded. Baykal said: "The preparation of the petition is under way." The PP group spokesman enumerated constitutional violations in the law as follows:

- "1. No limits are imposed on the powers of the Council of Ministers.
- "2. The scope of additional financial obligations runs counter to the Constitution.
- "3. The Council of Ministers has been granted powers to authorize expenditures outside the budget."

Bridges and Dams

After discussing the Foreign Trade Law and deciding to petition the Constitutional Court, the PP parliamentary group began examining the draft bill regarding the sale of bridges, dams and other public institutions to individuals and corporate bodies. Speaking on this bill, Turlay Oney said: "The bill is dangerous and is of a form that can alter the character of the regime. No distinctions are made on who these installations can be sold to."

Oney later provided technical data on the bill. Noting that the lack of distinction between Turkish nationals and foreigners will raise drawbacks, Oney said: "It appears that the main purpose of the bill is to sell these installations to foreigners."

Cahit Tutum, the PP parliamentary group's deputy chairman, also criticized the bill and said: "The sale of public installations to individuals and corporate bodies will put the regime and our future and security on a perilous course."

SODEP Criticized

Meanwhile, in a speech outside the agenda, PP deputy leader Ayhan Firat said with reference to upcoming local elections: "We will emerge stronger from these elections. SODEP, which is not represented in the Assembly, is no longer battleworthy. It is like a fruitless tree."

Firat emphasized that his party will emerge stronger from the elections. Meanwhile, Rustu Sardag demanded changes in the bylaws of the Assembly and criticized Turgut Ozal. He said: "The Prime Minister is taking a stubborn approach to the issue of the sale of bridges and dams. If we tell him to sell them, he will not sell them. But we will never tell him to sell them."

Pasa Sarioglu also demanded changes in the assembly bylaws as soon as possible and said that deputies cannot speak in the Assembly with these bylaws.

Meanwhile, Resit Ulker charged that the Motherland Party [MP] is changing the economic model radically and said: "This bill on the sale of bridges and dams is in reality introducing a change in the system; it is damaging the Kemalist economic system which is a model for less-developed countries." Ulker added that the MP administration is doing this knowingly.

Turan Bayazit also criticized the bill sharply and said: "The government is offering the egg-laying chicken to everyone in the street."

Nuri Korkmaz said in his speech that a newspaper report about him was not true and that he is upset by the incident. He said: "I am a humane person. I was not even in Ankara that day."

Reminder to Public Servants

The PP parliamentary group also discussed Article 137 of the Constitution and named group spokesman Sururi Baykal to speak on this issue. Upon that Baykal read the Constitution's Article 137 on public servants and said:

"Article 137 of the Constitution is explicit. As is stated there, all government employees can refuse to perform any act that is against the laws and can tell their superiors that they refuse to take orders on such assignments. If their superiors insist a second time, they must ask for written orders and do what is asked. However, they cannot execute orders that are clearly criminal and they cannot avoid sharing culpability with their superiors. If the orders given are unlawful, they must clearly state that they will not obey them. They must ask for written orders from their superiors; otherwise they will be held responsible. We will continue to watch those who obey orders that are unconstitutional and unlawful."

SOLUTION SOUGHT TO CONTRACTOR DECLINE IN LIBYA

Istanbul DUNYA in Turkish 29 Feb 84 pp 1,7

[Text] Efforts are under way in connection with the decline in the number of Turkish contracting firms working in Libya. According to information obtained from contractor circles, relations with Libya were affected adversely by problems that emerged when large numbers of Turkish contracting firms began undertaking work in that country without any controls and began using letters of guarantee issued by Turkish banks. Work is now under way to make a categorical distinction among who can contract what jobs.

The problem emerged just before a Turkish delegation headed by Minister of State Ismail Ozdaglar visited Libya. After it was realized that 45 Turkish contracting firms working in Libya will soon have their letters of guarantee expire, pertinent authorities initiated work aimed at making strong firms prime contractors and making the rest subcontractors to these bigger firms. Work related to who can contract what type of jobs is expected to begin after Ozdaglar's tour in Libya is completed.

Who Can Contract What Jobs?

Responding to DUNYA's questions on the issue, a high-level official of a large construction firm said:

"In the past, many firms bid on and won contracts offered by local governments in Libya. Some of these firms, which were advanced startup fees after they submitted their letters of guarantee, were later unable to proceed with the job because no funds were allocated for them. Other firms could not keep their construction sites operating because no new funds were allocated to their project as required by the central plan. In addition, perhaps less than ten firms, which we can call swindlers, disappeared without even starting the job they had bid on. Thus, one can say that currently there are around 45 firms in Libya which are unable to work. Some of these firms will see their letters of guarantee expire within the next few months. Consequently, this issue remains a major problem on the agenda of Turkish-Libyan relations. On the other hand, problems raised by some of these firms must not be given so much importance. Because the volume of their work does not exceed 1 percent of the total work volume."

Main Problem with Operating Contractors

Officials of corporations that work in overseas construction markets charge that the main problem is not a problem of the firms that have abandoned work or that disappeared before starting work and state that the main issue is to resolve the problems of the firms which completed their work on or ahead of schedule, but which were not remunerated by the Libyan government and are, as a result, in a difficult position.

Noting that the Libyan government owes nearly \$500 million to Turkish contractors working in Libya and that work that has already been contracted amounts to \$2 billion, officials of international contracting firms say that the solution of the problem lies in a sensible process of selection. According to these circles, it is imperative to apply certain criteria in foreign dealings of Turkish firms, particularly in contracting work in countries like Libya where all activities are controlled by the government.

How will Firms be Selected?

According to contractor circles, contracting firms that will undertake work in Libya must be given incentives by dividing them into categories according to their strength. The plan that has been proposed envisions collecting the firms under at least three categories. Firms to be included in the first category will be able to undertake big projects. Firms in this category, which can be termed Group A, will have a large supply of construction equipment and a strong financing structure. Firms in the second category, which can be called Group B, will be corporations that are specialized in certain branches of work. The third category will include firms which can be characterized as "subcontractors."

Firms in Group A will bid on large projects and contracts offered by the Libyan government, they will distribute some of the work among firms in groups B and C depending on the nature of the work and they will supervise the smaller firms to make sure that the work is completed on time. According to contractor circles, approximately 30 percent of the work undertaken by large firms will thus be subcontracted to smaller firms.

Oil Trade

The same circles indicated that the Turkish delegation visiting Libya will approach the issue with good will by submitting a proposal for a contract for the sale of 1.5 million metric tons of crude oil, that, in response to this stance, Libya is expected to approach the solution of the problems of Turkish firms with a better disposition and that progress is expected in the solution of many chronic problems.

9588

CSO: 3554/168

GUNGOR ON WAGE POLICY'S ECONOMIC, POLITICAL IMPACT

Istanbul DUNYA in Turkish 29 Feb 84 p 2

["Through the Events" column by Tefvik Gungor: "Wage Hikes"]

[Text] The decision of the Supreme Arbiters' Council [SAC] to raise workers' wages by 25 percent plus 2,000 Turkish liras a month in 1984 will be debated for a while, but those debates will be forgotten some time later. The practical echoes of this decision, however, will remain. What are they?

--A single-rate wage hike for the entire country will produce different results in different conditions. In the case of corporations which face economic problems, which cannot lay off their workers and which are trying very hard to remain in business, the small wage hike will prevent problems from growing. But in the case of profitable firms which have increased their domestic and foreign market shares despite uncertainties in the economy, aside from the fact that workers will certainly be disappointed, even the management will be distressed for not being able to provide the workers with better terms.

--Chances have disappeared for reforming the basic wage structure which, for various reasons, has disparities in the same sector, the same work branch and even the same firm. The worker who was part of a relatively low or high wage structure will remain where he is.

--No provisions exist to reward the productive worker and to penalize the unproductive worker. All workers will receive the same percentage wage hike.

--It is also a fact that, despite all these drawbacks, workers will not quit their jobs and look for new jobs because the wage hike was too little. In the face of rapidly rising unemployment, a worker cannot contemplate to quit his job even if he complains that his wages are too low.

--One unknown factor here is whether the industrial sector will see a decline in the productivity of the worker who goes on working unwantingly because he believes he cannot find another job and who is depressed by the inadequacy of his wages. Will the industry's installed capacity be adequately utilized both in quantity and quality? At this point in time, it is impossible to say whether there has been a positive or a negative trend on this issue.

--The workers constitute the fundamental basis of demand in Turkey's home market. It is seen that the decline in the real purchasing power of the workers' sector has had two major effects on demand. The first effect is that demand has generally shrunk, and the second effect is that the demand structure has become skewed. One area that can exemplify these changes in demand is the development of the housing sector. Today, a worker cannot buy an 80 to 100-square-meter home with income derived from his labor. The demand for small housing units has shrunk. Meanwhile, in high-income areas, there is a rising demand for large and luxury homes. Such developments point to the deterioration of social imbalances which ought to be rectified.

--However, one fact stands out: Turkey wants to put a cap on inflation. Worker wages are the first item on the agenda of combatting inflation. What makes the issue particularly significant in Turkey's case is the large number of workers in the public sector. Budget deficits are seen as the main source of inflation, while personnel expenditures are the most striking expense item in the budget. Turkish economists as well as officials of international institutions that extend loans to Turkey, such as the IMF, closely watch the growth of personnel expenditures in the budget. For example, IMF officials who come to Turkey every year want to see the Turkish government set "limits" in three areas. One is limits on Central Bank loans, the second one is limits on worker wage hikes, and the third one is limits on rises in agricultural price subsidies.

The points briefly covered above show that wage policy is one of the country's most important issues in view of its economic and social implications. The issue is made even more important by a single-rate wage hike policy for the entire country. Nothing is more natural than a government--which has assumed responsibility for running the country--taking decisions after weighing the pros and cons of each decision. What is not natural is that this responsibility has been turned over to a council which is proclaimed to be impartial, which is supposed to work independently and whose decisions will be implemented no matter what they are. The SAC has found a wage hike of 25 percent plus 2,000 Turkish liras adequate for 1984. These rates will have to be accepted by the private sector as well as the government. If the SAC had announced a wage hike of, say, 75 percent for 1984, would the government have the means to accept responsibility for it as easily? As long as a single wage hike rate is to be applied for the entire country, it is obvious that the determination and announcement of wage hikes by the government itself is more advantageous in every respect.

The setting of a wage hike of 25 percent plus 2,000 Turkish liras for 1984 is disappointing for workers, but is a victory for the government. This decision manifests the Ozal government's determination to implement the economic policy it believes in without making any compromises. The fact that a government which proclaims on every occasion that it is working for the mainmast has been able to limit wage hikes at the expense of alienating the most important segment of the mainmast at a time when campaigning is in progress for local government elections and when new government opponents are predicting how long the government will last is a victory in itself.

SALES BILL STIRS PARLIAMENTARY CONTROVERSY

Istanbul CUMHURİYET in Turkish 29 Feb 84 pp 1,11

[Text] Ankara--The General Assembly of the Grand National Assembly began deliberating yesterday on the draft bill on the sale of bridges, dams and other similar installations. There were sharp exchanges and name-calling contests between PP [Populist Party] and MP [Motherland Party] deputies during the deliberations which lasted from 3:00 pm until the morning hours. While PP Deputy Azmi Guler shouted to the MP deputies, "You are tabling a bill that will take you to the gallows", PP deputies demanded that MP Deputy Nabi Sabuncu be subjected to an alcohol test. NDP [Nationalist Democracy Party] Deputy Memduh Yasa stated that his party would never accept the liquidation of the installations proposed by the bill and a return to the period of capitulations which was ended by the Treaty of Lausanne. PP Deputy Aydin Gurkan said: "The government is asking for authorization to sell and to dispose of [public installations]. This bill will aggravate the existing disparity in Turkey's income distribution."

Meanwhile, Prime Minister Turgut Ozal noted that the government is already authorized to sell State Economic Enterprises and Public Service Corporations according to a currently effective decree with the force of law. He said: "We are simply systematizing this."

NDP Deputy Ferit Melen said: "According to this draft bill, everything, except our flag--including the presidential mansion and military barracks--can be sold."

The overall bill was approved 188 to 157 by the votes of the MP deputies. Later, deliberations began on the individual articles of the bill.

Deliberations on the individual articles of the bill was continuing at the time this edition was in print.

During the first day of discussion of the bill, the issue of the sale of the said installations was sharply debated. While arguments raged between PP and MP deputies, benches were pounded. The first speaker on the overall bill, NDP Deputy Memduh Yasa, said that he sees peril in the government's course. Yasa said:

"While I support the utilization of foreign resources in the Turkey's development, I consider the government's stance a dangerous posture that goes

far beyond that. We will never accept the proposed liquidation of the oil refineries, the Post Telegraph and Telephone Administration and the government's strategically important factories and installations and a return to the period of capitulations that was ended by the Treaty of Lausanne."

Noting that the installations and the services that may be given away to foreigners--whether through direct sales or through turning over their management--include monopolies or semi-monopolies that produce strategic goods and services, the NDP spokesman said that these installations cannot be turned over to foreigners or the private sector and that if that is done the consumer will be hurt. Taking the Atas Refinery as an example, Yasa said: "This may hurt national interests and may curb the country's development. We must not forget that a foreign-controlled refinery refused to produce the fuel needed by our military aircraft during the Cyprus invasion." Stating that certain goods and services must be produced or protected by the government, Yasa said that it is the general practice around the world to offer bridges and similar services free of charge to the people.

Yasa said:

"Since there will be income sharing, what is being sold is tax revenue. In this context, this operation will, in a sense, bring back the system of preference in tax collection and, if foreign individuals are included, we will return to the [Ottoman] system of Public Debts.

"With all respect to the Prime Minister, if I had money, I would invest it in gold rather than take his advice and buy revenue partnership bonds for the Bosphorus Bridge."

On the subject of the Bosphorus Bridge, Yasa said that the bridge generates annual revenues of 2.2 billion Turkish liras, that the sale of the bridge will bring in a revenue of 5.5 billion Turkish liras and that, therefore, the government could earn the same amount of revenue in 2 1/2 years without selling anything. Charging that if this bill is passed strategically important public corporations may be surrendered to foreigners, Yasa said: "The draft bill we are discussing is the most radical bill ever submitted to the Assembly in the republic's 61-year history. No bill has ever envisioned to change the political system so radically."

Yasa said that in the event the bill becomes law the following results may emerge:

"The concept of a government budget will disappear; the parliament will lose its fundamental powers and some of its *raison d'etre*; and the way will be open for foreign intervention in Turkey."

Later, Aydin Gurkan spoke on the bill on behalf of the PP:

"Honorable deputies, the government is asking for authorization to sell and to dispose of [public installations]. What this means is that Sumerbank and Ziraat Bankasi [Agricultural Bank] may be sold. Do you want Karabuk [coal mines], Etibank, TEK [Turkish Electric Power Enterprise] or the Petroleum Office to be

sold?" Gurkan's speech was frequently interrupted by MP deputies shouting and pounding on their benches. Gurkan said that the Ozal government was asking for powers that no government in the history of the republic had dared to ask and that the grounds cited by the government for requesting those powers were not sufficiently clear and justified. Stating that the sale of 265 government-owned installations is at issue, Gurkan said that if these installations are sold, "the government will be left with nothing that it could call its own." He added: "We are not a revolutionary assembly. We are obliged to maintain the balance among various segments and interests of the people. This bill will aggravate the existing disparity in Turkey's income distribution." Gurkan noted that by this bill bridges, dams, seaports and similar installations will be turned over to foreigners, adding that they will be returned to the Turkish people when his party comes to power.

In criticizing the bill, Gurkan noted the term "Revenue Sharing Document" and said: "If there is anyone who understands this term, let him explain it. I asked the minister, and he could not explain. I wish someone would explain us what is meant by this document." Upon that, MP deputies began pounding on their benches and shouting "Retract your remarks." While some deputies stood up in protest, Gurkan continued his speech. When a minister from the Cabinet Row shouted "That was not right", Gurkan replied: "The Prime Minister did not write what would be right." This led to sharper exchanges. There were shouting matches and fist-shaking contests between PP and MP deputies. Some MP deputies were heard as saying: "He is insulting the Prime Minister; he should retract his remarks." Meanwhile, PP Deputy Azmi Guler turned to the MP deputies and shouted: "You are tabling a bill that will take you to the gallows."

Thanks to the intervention of Deputy Assembly President Yildirim Akbulut of the MP, Gurkan continued his speech and said: "I have enough respect to our traditions not to insult our Prime Minister. If some deputies feel injured by my remarks, I am retracting them. If the function of an assembly deputy is seen as only raising his hand to vote and not asking for information or documents, then I am retracting my remarks on that count as well." Gurkan ended his speech by saying: "Please withdraw this draft bill. I am retracting my remarks saying the same things." Gurkan left the rostrum among the applause of NDP and PP deputies.

Speaking on behalf of the MP, Bursa Deputy Ilhan Askin said: "Let us share today the happiness of the developed Turkey of the future. We no longer have the patience to wait." Askin said that they have no veiled motives and that their sole objective is to serve the Turkish nation. Speaking on behalf of the commission, Mus Deputy Alaatin Firat said that the goal of the bill is to boost savings and public investments and that the sale of government property is not being contemplated. This was followed by Minister of Finance Vural Arikan who took the rostrum to respond to criticism leveled against the overall bill. Noting that the debate over the bill did not take place in a happy medium, Arikan said that Yasa and Gurkan did not make the slightest reference to the unconstitutionality of the bill and added: "Therefore, they accept the bill's constitutionality." This time shouts were heard from the PP and NDP benches. Arikan continued: "If you do not oppose the building of more dams, more bridges and more seaports, you should not oppose this bill. Property rights on public installations will not change hands and their public character will not change."

Charging that the deputies who spoke before him did not understand the bill and that they had not studied it well, Arikan noted that NDP's Yasa "cannot consent to turning over monopolies to the private sector" and said: "Mr Professor, at one time matches and wine were also produced by state monopolies." Arikan then said: "You are trying to show the government as a street peddler who has put everything on sale. Please do not do that." Arikan stated that large firms are looking for credit and that this bill will solve a major portion of the investment problem. Arikan ended his speech by saying: "Vote for this bill and increase your blessings before God."

After Arikan speech, NDP's Memduh Yasa returned to the rostrum on grounds that his words had been contested and said that if the issue of the sale of the State Monopolies is brought before the Assembly he will vote for the government. He added, however, that the sale of monopoly-type installations such as petrochemical plants and oil refineries is not right.

PP Deputy Mustafa Palaoglu criticized the Minister of Finance and said: "The Minister of Finance likes history very much when it appears favorable. But he runs away from history when he starts seeing nightmares."

Following that, NDP Deputy Fenni Islimyeli submitted a motion to the President of the Assembly saying that the draft bill is unconstitutional and that therefore it must be rejected.

It was observed that Assembly Deputy President Yildirim Akbulut did not file Islimyeli's motion for processing. Meanwhile, PP Deputy Turan Bayazit submitted a motion to the Assembly President asking the bill to be returned to the Constitutional Commission. Explaining his motion at the rostrum, Bayazit said: "We are deputies. Let us not bury our heads in the sand." He continued:

"You are forcing the government into an inlet as in a low ebb and you are promising happiness to the citizen as in a high tide. You are like a brokerage tycoon who cannot see tomorrow. You are like a supermarket owner who cannot foretell the future. You are gambling on green broadcloth spread from Edirne to Ardahan. The Minister of Finance is telling us that they are not street peddlers. I wish you could be like street peddlers; at least then you would know what you were selling. When the time comes, we will buy back what you have sold. You as well as prospective buyers should know that."

At that point MP deputies tried to interrupt Bayazit by pounding on their benches and clapping their hands. The PP's Diyarbakir deputy, Kadir Narin, asked the Assembly President to stop Bayazit from being interrupted. Upon that, Recep Kaya, MP Deputy from Bilecik, charged on Narin. Manisa Deputy Abdullah Cakirefe also stood up. Recep Kaya was heard as telling Narin: "What is it, you rascal." Cakirefe then told Kaya: "Do not say 'rascal', you ruffian." Some PP and MP deputies then intervened and calmed the incident down.

Later, the motion proposing that the bill be returned to the Constitutional Commission was rejected and the overall bill was put to a general assembly vote. The overall bill was approved by 188 votes against 157 in open balloting. All votes against the bill were cast by PP and NDP deputies.

Debates Continue

Deliberations on the Article 1 of the bill began after the overall bill was approved and the Assembly returned from a half-hour recess. The first speaker was Pasa Sarioglu who spoke on behalf of his party. Sarioglu expressed opposition to the sale of government property and said: "This is the beginning of a drama that will end in disappointment. You may win a victory, but it will be a Pyrrhic victory. History will not forgive those who approve this bill."

Independent Deputy Cafer Tayyar Sadiklar spoke next. He broadly criticized the bill and asked for its withdrawal, saying: "This bill violates the oneness of the government budget and upsets the financial system." Sadiklar left the rostrum by saying that the bill was tabled out of obstinacy.

Elgin Jeered

Speaking about the first article, PP Deputy Ali Ihsan Elgin sharply criticized the bill and said: "This bill will bring back the capitulations that were ended by the Treaty of Lausanne. This bill is not one that can be approved by the Grand National Assembly; it is an insane example of an anti-national policy. If the Assembly does not stand up against this bill the writing behind the Assembly President that says 'Sovereignty Belongs Unconditionally to the Nation' must be replaced by one that says 'Sovereignty Belongs Unconditionally to Turgut Ozal.'" MP deputies protested this by pounding on their benches. Elgin continued his remarks among the noise:

"It is as if the Prime Minister does not live in Turkey. We may soon see the Assembly building going on sale. The government is on the wrong track. We cannot rely on its majority in the Assembly. At one time, there were those who said, 'Come and get 226 votes'; now we all know where they are."

These remarks led to more loud protests and bench pounding. MP Deputy Nabi Sabuncu charged toward the rostrum and shouted while pounding on the bench in front of him: "What do you mean? You should be so happy for that 226. That 226 is here, you should be so glad." Sabuncu was led out of the hall with difficulty by his colleagues.

As Elgin descended from the rostrum, MP deputies jeered while PP deputies applauded.

NDP Deputy Ferit Melen said in his speech that this bill can put everything on sale "except the flag" and added: "Even the President's Mansion can be sold. I am not saying these in order to make you change your minds."

Melen later said that this bill will wreak havoc in Turkey's financial system and that it will give the Council of Ministers spending authority without the legislature's approval. Melen concluded by saying: "With this bill you can sell everything from the President's Mansion to military barracks. You will find out what happens when foreign capital is given such a free hand."

Ozal's Speech

In his speech, Prime Minister Turgut Ozal referred to Aydin Gurkan's words to the effect that the NDP and the PP had collectively won 53 percent of the popular vote and said: "The NDP's views are close to ours, while the PP's are exactly the opposite. So, are you adding up apples and oranges? Is that possible?" Ozal continued: "Some time ago, a bridge issue was raised on the television. Mr Calp said that he would not permit the sale of the bridge. If you help us now, it will help the PP in the elections and you will get good results again." Ozal's words led to smiles. Ozal also charged that the PP was forced to play a tough opposition role by outside exhortations and said that this will hurt them. He said: "I am trying to help you." The Prime Minister's soft and humorous speech partially defused the tense atmosphere.

As the deliberations proceeded, a group of PP deputies noted the behavior of MP Deputy Nabi Sabuncu and shouted at the Assembly President: "This colleague of ours is drunk. Please have him examined."

While Article 5 of the draft bill was being discussed, Nuri Uzel, PP Deputy from Eskisehir, noted that the deliberations had been continuing for 12 hours and tabled a motion to adjourn the discussion to 3:00 pm.

When the motion was about to be put to a vote, MP deputies who were waiting in the gallery entered the General Assembly Hall and voted down the motion among applause.

Meanwhile, PP Deputy Abdullah Cakirefe charged in his speech that Prime Minister Ozal has been passing bills in the Assembly through stubbornness and persistence. He said:

"It is good to be brave. Our Prime Minister is very brave. Similar boldnesses were seen in the past. But some of them went in jeeps and others went hanging from ropes."

MP deputies protested Cakirefe's remarks.

Deliberations on the individual articles of the draft bill are continuing.

Debates Within the MP Group

The draft bill on the sale of bridge and dam revenues was discussed by the MP parliamentary group yesterday before it was brought to the Assembly. Prime Minister Ozal responded to MP deputies' questions on the bill.

The questions Ozal was asked included one in particular about the form of the shares that will be sold in connection with sharing the profits of public corporations. Ozal was also asked to clarify the issue of how foreigners could become partners in these public corporations.

Meanwhile, Nevzat Biyikli broadly criticized the bill and said: "The beginning, the end and the scope of this bill are not very clear. It seems to me that with this bill we are going beyond our party program and election platform. Consequently, we must know concretely what the bill will bring."

ILICAK ON SAB AUTHORITY, WAGE PROVISIONS

Istanbul TERCUMAN in Turkish 21 Feb 84 pp 1,10

[Editorial by Nazli Ilıcak]

[Text] We are emerging from a period when collective bargaining and the right to strike had been suspended. However, the Supreme Arbitration Board (SAB) still retains its function of wage determination. The SAB was empowered by Bill 2364 to reactivate those collective labor agreements which had expired and to adjust pay rises each year in line with the existing conditions. Bill 2364 is no longer in force now that the parliament has been opened. But since the previously concluded collective labor agreements retain their validity until their expiry date, the SAB retains the authority to determine the annual pay adjustments. This authority, in some cases, extends to 1984 or even 1985.

When the existing collective labor agreements do expire, the SAB will no longer take part in the proceedings. The bargaining will be taking place between the workers and the employers. However, according to clause 54 of the Constitution, in cases where strikes and lockouts are disallowed or postponed, the issue will be referred to the SAB for resolution once the period of postponement ends. Furthermore, the same clause allows room for the workers and employers to refer issues to the SAB, having reached agreement among themselves to do so. According to the Constitution, the rulings of the SAB are decisive and carry the authority of collective labor agreements.

It thus seems that, in the future, the SAB will be able to take part in the proceedings only in cases where collective labor agreements are disallowed or postponed. The representatives of workers and employers will also be able to resort to the Board, having agreed among themselves. In such cases the rulings of the SAB will be binding.

There has been an erosion in the income of the labor sector during the 1980-1983 period. This is readily apparent in the table:

	Average Daily Net Income	Rise in the Istanbul Cost of Living Index	Real Wage
1979	160	63.6%	98
1980	224	94.3%	70
1981	343	37.5%	79
1982	428	32.7%	74
1983	542	28.8%	73

Whereas during the 1970-1980 period wages had shown an increase over and above the inflation rate. According to the statistical data found in a report by the Supreme Oversight Board (concerning the public economic enterprises) the monthly cost of a worker which was TL 1577 in 1970 has risen to TL 44,536 in 1980. When it is considered that during the same period the cost of living index in Istanbul has risen 1689.3 percent, it is found that wages have recorded a rise of 57 percent in real terms between 1970 and 1980. In contrast, there has been a 55.32 percent real drop in the salaries of public employees during the same period.

In the post-1980 period, the positions of workers and public employees have been reversed. While the workers experienced a decline, the large losses suffered by the public employees during the 1970-1980 period have been partly compensated.

The figures show that Sevket Yilmaz is right. But there is nothing that the prime minister Ozal can do, considering that the authoritative body is the SAB. The rulings of this board is binding. As for Turk-Is, since the issue concerns the continuation and rectification of a previous agreement, there are no grounds for a strike.

12466
CSO: 3554/158

INTERESTS CONFLICT IN ENERGY LAW REVISION

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Feb 84 pp 22-23, 26

[Article: "Energy Policy--Fear of the Breakthrough"]

[Text] The energy economy law is now on the firing line. Minister of the Interior Zimmermann is calling for a new formulation of the law and more environmental protection. His economist colleague Lambsdorff opposes this view. Energy suppliers are even anxious about their territorial monopolies.

Shortly after entering office the German Federal Minister of the Interior Friedrich Zimmermann declared that thought should be given to the question of "whether the energy economy in the FRG should be concerned exclusively with the undoubtedly justified public interest in cheaper energy or whether in addition it must not also meet the need for pure air and water?" Now thought is being given to this question--and arguments have promptly broken out. In the meantime the 21st Conference of Environmental Ministers of the German States has met in Rendsburg and has called upon the most highly placed protector of environment in the FRG, "to use his influence to secure that the proposals for changing the energy economy law shall be examined and that if necessary suitable legislative drafts shall be put forward."

And also the Social Democratic parliamentary fraction is "solidly committed," according to one member of that fraction, to submitting in the very near future a draft for modifying the energy economy law. It is said to be their aim also to include environmental policy considerations in this basic law of the energy economy. The greatest obstacle to realization of this desire of the SPD is the following: This parliamentary fraction does not stand with closed ranks behind the intended innovations because these are primarily being supported by the environmentalists of the opposition. The energy policy-makers--and we speak here particularly of those from the Ruhr--have thus far refused to follow along.

But also dispute has arisen within the Christian Liberal part of the German Government in response to Zimmermann's call. While Zimmermann's staff is considering how they can realize the commitment of the environmental ministers of the German states the energy staff of the Federal Minister of

Economics Otto Count Lambsdorff obstructs every attack upon the energy economy law--which had its origin as far back as 1935. "We could not in the last analysis see," declared Martin Gruener, Lambsdorff's parliamentary state secretary, "that a new legislative regulation would improve anything in what has all-in-all been a successful environmental protection." Even before that the economics minister had informed the SPD in Parliament "that the government control of energy economic investments has basically proven its worth."

In order to "make the energy supply as reliable and as cheap as possible" (preamble to the energy economy law) the National Socialists had once practically eliminated market economics from the supply of electricity and gas. The energy suppliers were conceded a supplier monopoly in their individual territories, but in exchange for this they were forced to accept government supervision in the construction and operation of their plants as well as in the sale of their product. This was, according to the preamble of the law, in order to "prevent competition from having injurious effects upon the national economy."

But today, according to the environmentalists, these injurious effects also include damage to air and water. At the same time it is of no concern to the fighters for pure air and clean water that the regulations which they wish to introduce into the energy economy law have already been contained in the federal emission protection law or in the ordinance governing large-scale furnace facilities. "By means of suitable formulations in the law," declares one Social Democratic deputy, "the entrepreneurs must be obligated to take environmental considerations into account." At the same time, it is hoped, the licensing authorities would then while examining builders' applications for power plants more rigidly determine than hitherto whether a construction is necessary at all and whether instead of simple generation of electricity it might not also be possible to divert a heating supply--perhaps for a remote supply network.

Thus the environment policymakers are concerned with the better utilization of those energy sources which are in use. "The higher the level of efficiency in a power plant then the greater will be the automatic unburdening of the environment." This is the thesis of those who started the attack upon the now almost 50-year-old law.

At the same time they are putting great hopes into remote heat. It is true that today the latter supplies less than 10 percent of space heating and hot water production. But according to the view of the Energy and Environment Working Group of the Conference of Environmental Ministers remote heat could cover in the long-term between 20 and 30 percent of the energy requirement.

Therefore, the colleagues of the state ministers propose in their report, "the scope of the energy economy law should be extended beyond the domains of electricity and gas to cover remote heat in order also to that extent to assure an adequate government supervision, to secure supply on the basis of general prices and in order to facilitate the construction of new supply systems with the aid of the expropriation regulations of the energy economy law."

Nevertheless, so much management by government would be too much for the economic colleagues of the environmental ministers. They vetoed the formulation of the environmental working group. In so doing they can look for support from the German Federal Minister of Economics Lambsdorff. Ulrich Engelmann, head of the energy department in the ministry of the Liberals even warns against including remote heat as a third form of pipeline energy in the energy economy law: "We want to promote remote heating and not make it difficult." Because in the basic law of the energy economy there is also included a general compulsory hook-up and use regulation. But if this were also to apply to the supply of remote heating the profitability and flexibility of this new form of energy would come into question--according to the unanimous view also of the pipeline heat distributors.

Lambsdorff's highest energy officer also does not think highly of manipulating the proven law. "Conservative use of energy is already contained in the environmental philosophy" and in performing their examining function the energy supervisory authorities would always have that in the back of their heads. In view of the environmental laws which have thus far been enacted there would be no reason to introduce a form of environmental safety examination once again in the energy economy law.

"By repeating existing regulations in the energy economy law there will result not an improvement in environment protection but rather a danger of double testing and double procedures and of further bureaucratization," warned the Parliamentary State Secretary Gruener in the FRG Parliament.

But for Social Democrats and also for Zimmermann staff people such arguments are only pretexts. They believe that Lambsdorff clings to the old formulation of the law because he must fear a breakthrough. That is to say, as soon as one paragraph can be disposed of other much more important regulations of the law could also fall by the wayside: the territorial protection which keeps unpleasant competition at arm's length from the energy suppliers has for long been suspect in the eyes of critics of the existing structures.

8008

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FEDERAL SUPPORT FOR NUCLEAR REACTORS MAY END

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT in German
13 Feb 84 p 7

[Article: "Retreat From Support for Nuclear Reactors--The FRG Wants To Focus on Other Things"]

[Text] Bonn, 12 February. The FRG wants to withdraw slowly but surely from support for nuclear reactors. That was the tenor of an announcement by Guenter Lehr, division chief in the German Ministry for Research, at a congress of specialists organized by the German Atomforum in Bonn on the role of large-scale research in nuclear technology. As Lehr emphasized while speaking to 250 experts from 8 countries the development and the construction of reactors are tasks properly belonging to industry. This applies also to the well-advanced lines of reactors, namely the fast breeders and the high-temperature reactors. Future problems to the solution of which it would be necessary for the publicly supported large-scale research centers to contribute are seen by Lehr to lie primarily in the area of nuclear fuel circulation, in the area of complex questions of systems engineering and in the area of nuclear fusion.

Ministerial director Hans Peter Bochmann of the German Federal Ministry of the Interior declared reactor safety research to be "a desirable, critical concomitant of licensing practice." The high state of nuclear power plant safety which has been achieved today he said was the result of cooperation between safety research and the practice of licensing and supervision. He said that the conversion of new scientific results in safety research over into licensing practice certainly required time and testing. And he said that this was especially true whenever measures previously required in the area of accident prevention became less urgently required in consequence of demonstrated improvement in the prevention of breakdowns.

Speaking from the point of view of a nuclear power plant manufacturer Wolfgang Braun of the Union AG Power Plant made it clear that developments in the direction of larger output units with the 1,300-MW reactors have been temporarily interrupted. He said that within the visible future a technically possible 2,000-MW reactor would not exist. And it is even less possible to count upon spectacular ideas. He said that the focal point of developmental studies would be in product safety and in the domain of many small

improvements. The significance of such studies would lie in the fact that in the future it will be possible not only to construct the safest and highest-output nuclear power plants but also it will be possible in production to achieve the highest levels of product availability in the world. He said that substantial potential for development still lies in faster and better inspection and maintenance with ever lower exposure of personnel to radiation stress.

8008

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ENERGY SPECIALISTS URGE ECONOMY, NOT EXPANSION

Munich SUEDEUTSCHE ZEITUNG in German 16 Feb 84 p 13

[Article by Martin Urban: "A Vote for Energy Conservation--Fraunhofer Society Study Criticizes Basic Legislation"]

[Text] The "rational use" of energy conservative techniques only through "deferment of demand" relieves pressure both on the environment and also on the labor market and can noticeably reduce the dependence of the national economy upon imported energy sources. The supply of energy to energy consumers is not impaired. In order to bring these possibilities into reality "it is certainly necessary to achieve appropriate changes in the energy economic basic legislation." This is the conclusion reached by a team of six scientists of the Fraunhofer Institute for Systems Technology and Innovation Research. Their study, "The Effects Upon Environment, Employment and Income of Strengthened Measures Aimed at the Rational Use of Energy," has just been published by the German Federal Environmental Office (Erich Schmidt Verlag, 238 pp, 49 DM).

Not the expansion of the energy supply but energy conservation is according to them the goal which is politically to be sought because "the investments of an enhanced and rational energy use would produce a higher percentage of economic activity domestically than would be possible for the various energy enterprises concerned since these latter import substantial portions of their primary energy. Thus an enhanced achievement of profitable energy-conserving potentials contributes to an unburdening of the labor market."

The Effects of an Old Law

The scientists of the Fraunhofer Society deplore especially as an obstacle to a rational energy policy the current energy economy law which was decreed in 1935 "to strengthen the defensive posture of the German energy supply" (in the words of the then Reichsbank president Hjalmar Schacht). Today, too, many enterprises supplying electricity (EVU) would perceive their supply commission as relating only to the generation of electricity and/or to its delivery mainly from large-scale power plants. "An enlargement of the supply spectrum to encompass the heating market through heat or even merely through counseling, leasing or financing for investments into rational energy utilization (as is the case, for example, in California by means of suitable

legislation) is not infrequently entirely beyond the horizon of business policy."

In particular, the researchers also criticize the communal supply enterprises. They declare that the entrepreneurial feeling of the quasi-official employees is "too slightly" pronounced to react flexibly to change energy economic basic legislation and energy technical possibilities. Besides, innovative efforts in the municipal plants are crippled "by personnel and business networks" and also by the influence of regional EVU's upon representatives in the supervisory councils or in plant committees and conversely through the placement of municipal directors or municipal plant chairmen in honorary offices and in the regional EVU.

After more than 3 years of study similar conclusions have been reached by an "energy and environment" working group serving the conference of environmental ministers. "The furious protest and massive resistance of the Federal Ministry of Economics and of the German electricity industry had the consequence that the conference of environmental ministers merely 'took approving cognizance of' the paper in November 1983" but did not publish it--this according to the Association for Protection of Nature and Environment in Germany (BUND) which shortly thereafter published the study.

The energy economy law and its consequences are evaluated as follows by the working group of the environmental ministers: "Since in accordance with a widespread view and a view shared by the responsible officials of the German states the existing energy economy law does not make it possible to give general attention to environment protection ... this law should ... be suitably changed. Thereby would be created the ... possibility of influencing the optimal choice of site, fuel type and plant size also from the environmentalist point of view. Moreover, the scope of the energy economy law should be extended beyond the domain of electricity and gas to cover that of remote heat in order to that extent to also guarantee an adequate government supervision, to assure supply on the basis of a general system of prices and in order to facilitate the construction of new supply systems with the aid of the expropriation specifications of the energy economy law."

Obstacles created by the EVU themselves for the construction of remote heat supply through coupling of power and heating plants should be eliminated "through the route of misuse surveillance in accordance with the law against obstructions to competition." In this connection the Fraunhofer Institute group of scientists deplore especially a still in-force implementation ordinance for the energy economy law dating from the year 1940 "which because of military industrial considerations pursued the aim of suppressing the industrial production of electricity as much as possible."

According to the energy economy law, in the view of the working group of the environmental ministers, it would certainly be possible for the objectives of energy conservation and resource conservation to be taken into account. "In accordance with the existing legal possibilities the same weight is to be granted to the viewpoints of energy conservation and resource conservation in practice as is granted to considerations of reliable energy supply." The

powers of approval and disapproval in accordance with the energy economy law should be used to influence the site, the fuel use and the sizes of energy installations; "at the same time special attention should be given to the consideration of thermal discharge utilization."

Compensatory Charge Worth Thinking About

In accordance with district law, the German Federal Construction Law and the state planning law there exist possible ways of creating local and regional plans relating to energy supply. These should be consistently employed particularly in order to achieve energy utilization which is as conservative and which is as environmentally sound as possible. Plans for areas of high population density even in cases when they would be set up by the EVU themselves would have to take into account the possible elaboration of a system of remote heat supply and the use of existing sources of thermal discharge. In setting up plans for energy supply [the working group of the environmental ministers urges that] all concerned agencies should participate.

The Council of Experts for Environmental Questions has recommended "collecting a compensatory charge from older power plants which are not yet equipped with modern exhaust gas cleaning devices and which in consequence of the resulting lower operating costs gain price advantages."

8008

CSO: 3620/203

DECISION EXPECTED SOON ON EXTENSION OF SOVIET GAS LINE

Soviet Official Optimistic

Helsinki HELSINGIN SANOMAT in Finnish 8 Feb 84 p 29

[Article: "Piskulov Predicts the End of the Decade: Finland Buys 2-3 Billion Cubic Meters of Soviet Gas"]

[Text] "The annual deliveries of gas from the Soviet Union to Finland may rise to 2-3 billion cubic meters by the year 1990," estimated the Soviet vice president of the Western Trade Administration Yuriy Piskulov in an interview mediated by the APN newsbureau.

Gas negotiations between Finland and the Soviet Union are being held this week in Helsinki. The Neste company said on Tuesday that "the negotiations are proceeding in a positive atmosphere". The results of the negotiations will probably be presented next Friday. Except for setting the price on the gas, the negotiations will probably also involve a possible offer by the Soviet Union to participate in the continued construction of the pipeline.

If an agreement about the price of gas is reached, the next phase will be the attitudes of Tampere and Helsinki toward natural gas. The cities have been expecting a solution to be reached in regard to the price of gas.

According to the interview of vice president Piskulov the deliveries of gas might become an important factor in the development of Soviet export and the entire foreign trade of Finland.

According to Piskulov the construction tasks that are materialized on a basis of compensation might turn into another promising line of construction collaboration in the economic collaboration between Finland and the Soviet Union.

"Such activities are apt to broaden and diversify the export aimed at Finland from the Soviet Union. Possibilities are currently being explored for collaboration of this kind in chemical industry, paint metallurgy and machine shop industry," says Piskulov.

"Dishonest Analyses About Trade In The Papers"

According to Piskulov dishonest analyses and prognoses have at times been published both in foreign and Finnish papers, according to which the trade between the Soviet Union and Finland would in the near future be expected to decline, the trade structure would be inflexible and that would be disadvantageous for Finland.

"The reasons for these prognoses are so far from reality that it is hardly worth while to pay attention to them," he emphasizes. According to Piskulov the experiences derived from the five year agreements and the annual records show that they are usually exceeded both in regard to the amounts delivered as well as in regard to nomenclature.

The possibilities to increase trade by a new five year term are, according to Piskulov, based on, among other things, the increase in the delivery of new export articles to Finland from the Soviet Union, the development of the product collaboration and the broadening of the selection of products.

Among the most promising collaboration projects are, according to him, a nuclear power-operated ice breaker, freight cars of special construction, electronic automatic telephone exchanges, industrial robots and machines intended for work on the continental shelf. "The realization of this collaboration helps resolve tasks that have been placed into the program with long time intervals or to increase the annual export directed toward Finland of Soviet machines and instruments to 200 million rubels," Piskulov states further.

Sweden's Estimate: Extended Gaspipe Line Would Cost 6 Billions

According to the most recent Swedish estimates the extension of the gas line from Finland to Sweden would cost at least 6 billion kronor. Sweden's national gas company Swedegas estimates in its recently published report that a basic line would cost about 1.2 billions, the sidelines 1.2 billions and the actual distribution network 2.3 billion kronor.

Apart from these the gas line that would have to be constructed across the Gulf of Bothnia would cost at least 1 billion kronor.

According to Energy Minister Birgitta Dahl Sweden is not interested in a gas line, unless the price of the Soviet gas is lowered by 20 - 25 percent.

Cities Must Approve First

Helsinki HELSINGIN SANOMAT in Finnish 11 Feb 84 p 30

[Article "The Extension Of The Natural Gas Line Is Up To Tampere And Helsinki"]

[Text] Within the next few months the cities of Tampere and Helsinki will have to decide whether or not an extension of the future gas line will be built from Kouvola westwards. Before the decision is made, the nation's

governmmnet is also required to decide how large the fraction of the construction costs that it is willing to contribute would be.

On Friday an agreement was signed between Neste and the Soviet Soyuzgasexport regarding the price of the gas that will be carried through the new gas line. Before it is possible to make a final decision about the construction of the line system Neste has to reach an agreement with the most central new users of gas about the conditions of the delivery of the fuel.

Besides the new customers' wish to buy gas Neste considers it important that the nation's government agrees to finance half of the construction of the gas line. Neste and the Ministry for Trade and Industry initiate their negotiations next week. The government is in principle positive to the construction of the line. According to Minister of Foreign Trade Jermu Laine the government's economic delegation of ministers will need information about, among other things, the share of the Soviet credits before the need for Finnish credits will become completely clear.

The construction of an extended pipe line costs about 900 million marks. Neste itself would pay about 30 percent and the Soviet people would pay 20 percent of the expenses. The remaining half would be left for the government to pay.

Of the Finns at least Rautaruukki has been willing to deliver the actual pipe to the constructors.

On Friday the new price of the Soviet gas was carefully kept secret. According to the managers of Neste the price has, however, decreased substantially from what it was before.

The Neste representatives had demanded earlier that the price of gas would be decreased by 10-15 percent, so that it would be made competitive with the other forms of energy. The industry has wanted more than a 20 percent in price.

The new price of the Soviet gas is related to other fuel types by means of a special index, which is affected by, among other things, the price of nuclear electricity, "the domestic alternative."

Based on the current agreement the consumers received gas last December at an average price of 760 marks per one thousand cubic meters. Transformed into electricity the gas is close to one and one-half times as expensive as coal, but cheaper than heavy fuel oil.

Offers In The Near Future

Helsinki and Tampere will receive natural gas offers from Neste in the near future. According to Neste's manager of delivery Jaakko Ihamuotila Tampere's decision is needed by June or the construction schedule of the extended pipeline will break down. Tampere's gas decision is expected before the

decision for the capital region because the current power capacity in Tampere is not going to be sufficient for very many years.

According to Ihamuotila Neste has continued to prepare the plans for the drawing of the pipeline all the time in the direction of Tampere and the goal is to get the gas to be transported there by 1986, the year of completion. According to Ihamuotila a negative decision made by Tampere would be a significant setback for the acquisition of the gas although there are other possible gas users in the same direction, like Hameenlinna and Valkeakoski.

Neste also wants to calm down feelings that have become hot in the National Fuel Center. According to Ihamuotila Neste has been discussing the delivery of fuel for only the third power plant. According to him the gas would replace only oil in Tampere and the gas would not cut down the number of jobs but instead increase it.

In the capital region Espoo and Vantaa will have to decide about the fuel types for their new power plants before Helsinki.

Neste has already informed the energy committee of the capital region about its gas alternatives. Next week the energy managers of the capital region will be negotiating about natural gas together with Neste.

In the negotiations the people in Helsinki began to talk only about the price of gas because according to the starting point of Helsinki Neste takes care of the gas line until it reaches the fuel plant.

The Helsinki gas decision is complicated by the coal clause regarding Vuosaari made for the 1990's.

Baybakov Included In the Signing

The investigation of the increase in the purchase of gas that has lasted a couple of years was completed in a festive manner in the Cabinet's festive suite of rooms, where the signing of the agreements was attended by the Finnish trade council chairman Prime Minister Kalevi Sorsa and the Soviet Union Vice Minister Nikolay Baybakov. Upon congratulating Sorsa he assured him that "always when you need gas, we will surely deliver it."

Before the beginning of the signing event the Soviet delegation got the message about Yuriy Andropov's death. The delegation members read the short pink telegram slip about the matter with serious expressions.



- Key:
- 1) The Trunk Line For Natural Gas
 - 2) Proposed Pipe Line Route
 - 3) Completed Line
 - 4) Pipe Line Route Under Study

Tampere To Decide In Spring

Helsinki HELSINGIN SANOMAT in Finnish 11 Feb 84 p 30

[Text] In about 3 months the city of Tampere will have to decide whether it would choose natural gas or peat for its third power plant. The manager of the electricity plant, Industrial Counselor Pekka Rainio, estimated that the final decision will be made in the city council in the beginning of June at the latest.

"The agreement that has been made turns natural gas into something that has to be taken seriously because of the fact that Neste is informed in detail about the position in which gas is competing with other fuels in Tampere," Rainio emphasized.

Tampere is still holding on to its calculations relating to business economy in studying the different alternatives. The price of gas is also linked to the question of the expenses of the line.

"In all our discussions with Neste our starting point has been that the gas will be delivered to Tampere at a certain cost. This is also the basis for comparison," noted Rainio.

Tampere has all along been in contact with Neste but during the last few days there have been no negotiations.

Sweden Looking at Prices

Helsinki HELSINGIN SANOMAT in Finnish 11 Feb 84 p 30

[Article from Stockholm by Vesa Santavuori "Swedgas Of Sweden: The Price Has To Compensate For The Construction Costs Of The Line"]

[Text] Calculations have preliminarily been made in Sweden that, considering the other alternatives, the bringing of natural gas from the Soviet Union and through Finland would be "competitive" alternative.

The price has to be cheap, however, because the construction of the gas line under the Gulf of Bothnia to Gavle has to be included in the expenses," it was reminded in Stockholm in Friday. A more precise price estimate was not provided.

The estimate was made here by the nationally directed gas company Swedgas. A part of its basic attitude is that natural gas is the best of the gas alternatives.

A starting point in the Soviet calculations has been that it would supplement the so called North-South system.

From the south Sweden is beginning to receive gas from Denmark in the fall of 1985. The agreements concerning the matter are prepared and the gas line is currently under construction.

The plan is that gas will be received 10-15 years from now from the north from the sea gas findings in Norway. According to Swedgas it would, on the other hand, be possible to receive Soviet gas through Finland to Sweden already in 1988, if all the pieces of the puzzle fit together.

There are, however, several problems. The central issue is price. It should be possible to receive gas from the Soviet Union at such a low price that at least the construction of a gas line that would cost 1 billion dollars would be worth it. The total price for the part of the gas project that Finland-Sweden would be responsible for would cost maybe 3-4 billion Swedish kronor.

The task of Swedgas has in any case been to study the project with the assumption that a market would be found in Sweden for about 1 billion cubic meters per year, according to information from the press.

That would correspond to tens of terawatt hours (TWh) or about the annual production of two nuclear plants. Seen as a whole, at least right now, the share of natural gas considered is a relatively "reasonable" share of the energy market.

The market research that is mapping the need for natural gas is going to be finished this spring or summer, according to what Swedgas expressed on Friday.

Paper Comments On Issue

Helsinki HELSINGIN SANOMAT in Finnish 12 Feb 84 p 2

[Editorial: "The Price Of Natural Gas Will Now Be Weighed By The Consumer"]

[Text] The agreement negotiated by Neste about additional purchases of Soviet gas brings the discussion about new uses of natural gas to a practical level. Two substantial energy investments--the new power plants of Tampere and Helsinki--have to now be considered also out of the standpoint of the fuel alternative that is represented by gas. According to Neste's estimate natural gas would in the future compete with coal in the new power plants, which has so far been considered the most economical fuel solution in Helsinki. In Tampere again it has been peat moss that has been supported.

The increase in natural gas from the Soviet Union has been brought to attention mainly because of trade policy reasons. The share of energy out of our import from the Soviet Union has in the past few years been about 80 percent, which is a matter of the foundation of our two-way trade. When the direct effect of the import of oil would directly lead to making export difficult, the increase in natural gas would fill the deficit.

But the increase in the import of gas is also supported by the security of energy management and its becoming more versatile. According to the estimates the prospects of receiving gas from the Soviet Union over a long period of time are even better than those for oil. Finland's oil management has so far, for the most part, been based on the Soviet Union. One could correspondingly in the future to an increasing extent make use of the energy source offered by the huge gas resources of the country.

The share of natural gas will possibly, even if it increases, be a relatively small part of our entire energy consumption. It is thus also unnecessary to fear that our dependency on one of the energy sources of the country responsible for the delivery would increase.

Hopefully the price reduction that Neste is negotiating is sufficient to create interest for natural gas among businesses and municipalities. Besides the economic viewpoints the important advantage of gas is that it is clean, which is obviously not yet considered important enough in comparison to economic factors.

It is the combustion of coal for the energy needs of society that is the main cause of acid rains that destroy forests. The increased use of natural gas in Finland would support the strategy adopted by our country in order to help cut down the sulphur effluents in Europe.

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